

“The Year in Review: The Patent and Trademark Decisions of the Court of Appeals for the Federal Circuit,” The Fifth Annual Judicial Conference of the United States Court of Appeals for the Federal Circuit, Washington, D.C., May 8, 1987, published at 119 F.R.D. 45.

119 F.R.D. 45

Federal Rules Decisions
May 8, 1987

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APPEALS FOR THE FEDERAL CIRCUIT

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It is indeed a pleasure to welcome back Professor Donald Chisum to tell us about the year in review. Don is no stranger to this podium, and we all look forward to hearing what I hope will be his hit parade of cases *83 from the past year. Don was unwilling to tell me whether he is still going to use the hit parade format this year, but we will find out shortly.

2. Don's biography, as well as the biographies of our other speakers, is in your kit materials. Don is particularly well qualified to give us his insights as Professor of Law at the University of Washington Law School in Seattle, and as author of a widely-used patent treatise, with which we are all familiar.

So would you now please welcome Professor Donald Chisum? (Applause)

PROFESSOR CHISUM: Thank you, Jim. It is an honor and a privilege to address this honorable court and the many distinguished members of its Bar here assembled.

My appointed task is to review the decisions of this court on the subjects of patent and trademark law. Two outlines have been distributed to you, a short one on the trade-related decisions of the court, and a long one on the patent-related decisions of the court.

The outlines cover the decisions for the year ending March 30, 1987, and I will address my remarks primarily to the decisions during that period. But parenthetically, I will note that the court handed down several interesting decisions during April. In fact, I am feeling a bit paranoid. I worked very hard to get this outline done, and turned in for reproduction, and then, pow! The court hits us with eight significant published patent decisions during April.

I will mention four of those just preliminarily. One, *USM Electronics v. United States*, in which the court over a dissent held that an invention need not necessarily have been reduced to practice in order to be on sale, within the meaning of the Section 102(b), loss of right provision.

Hughes Tool v. Dresser Industries [816 F.2d 1549 (Fed.Cir.1987)], in which the court affirmed the validity of a patent on an O-ring seal for a drill bit, but reversed as clearly erroneous a 25 percent royalty amounting to \$132 million.

In Re Chupp [816 F.2d 643 (Fed.Cir.1987)], a very interesting opinion in which the court deals with the application of the non-obviousness requirement to chemical compounds that are structurally related to prior compounds, but show surprising or favorable results in some uses or environments, but not in other uses or environments.

And finally, *Allen Archery versus Browning* [819 F.2d 1087 (Fed.Cir.1987)], which is this court's latest word on the twin sins of inequitable conduct and willful infringement.

Overall, the decisions of the past year were anything but routine. Indeed, the court issued some of its most controversial opinions to date. During its early years, the Phoenix Court could write on a relatively clean slate and attack some of the blatantly irrational doctrines and inconsistent rulings of the regional Courts of Appeal.

While it adopted as precedent the decisions of the CCPA and the Court of Claims, there were vast areas of patent law doctrine not directly controlled by those decisions, especially in the areas of infringement, remedies, and inequitable conduct.

*84 Hence, the court could make definite progress towards achieving its mission, greater consistency in the formulation and application of patent law. But now going into its fifth year, things are tougher for the court. As its own inventory of precedents grows, it is more difficult to maintain that consistency. Broad formulations of rules and principles made in early decisions become disturbing as later cases present fact patterns illustrating the full and perhaps unintended implications of those formulations.

Now, in the time allotted to me, it would be impossible to review all of the significant decisions of the court in patents and trademarks over the past year. As Jim mentioned, in the past, I have adopted the plan of selecting the 'top hits' of the year, the decisions I judge to be most significant in terms of their precedential impact, or as representing an important trend in patent or trademark law.

I have received some suggestions for alternative approaches. The first was that I select a kind of 'bottom 10,' and compose lyrics to the song from Gilbert and Sullivan's 'Mikado', which could be distributed to the group for a sing-a-long. You know, 'We have a little list, we have a little list, of Federal Circuit patent cases we could do without, that never would be missed.' But I rejected that idea, especially because neither I nor most attorneys sing very well. Especially a cappella. The second was that I be more democratic. After all, in this vast room, there is assembled a substantial proportion of the Bar of this court, interested in patent and trademark matters. You all carefully read the opinions of the court, and form your own opinions thereon. So the suggestion was that I borrow one of those large applause meters from a talent show. I would briefly review the

decisions of the court, and you would applaud. The decision gaining the highest rating would be number one, et cetera, et cetera. But I rejected that idea as not feasible. For one thing, the readings might be distorted by some of the groans, boos and hisses that might spontaneously issue from some members of the Bar when certain decisions are mentioned.

So I will stick with the old game plan. I emphasize that my criteria of importance focuses on the issue posed as well as the decision and the opinion. In other words, they concern the case 'as a whole' 'under the totality of the circumstances.' It is not which opinions are written best. The importance of a decision is very much dependent on the issue presented to the court over which, of course, the judges on the panel who decide the case have no control.

Let's begin with trademarks. There were very few trademark decisions during the past year, so I pick out only two. In the Number Two position was *Canadian Imperial Bank of Commerce v. Wells Fargo Bank*, which is on page 2 of your outline [119 F.R.D. at 97]. Likelihood of confusion is the consuming issue of trademark law.

In this case, the applicant sought to register 'Com Cash' for banking services. In an opposition, the court upheld the rejection of that application on grounds that the mark would create a likelihood of confusion with the opposer's mark 'Communi-Cash,' also for banking services. While the marks were quite similar and the specified services identical, the applicant urged that in fact, both parties used the mark for a *85 sub-category of services in which the customers were so highly sophisticated that they would not likely be confused. But following its own prior *Tinker Toy* case, the court held that the standard of comparison was between the goods or services in the application, and those in the opposer's registration. It distinguished prior cases emphasizing the importance of actual use in the marketplace.

Canadian Imperial Bank is important not only for its clarification of a point as to which there was arguably some inconsistency in prior opinions, but also for its valuable warning against taking language in judicial opinions out of context and applying it uncritically to wholly different factual situations.

The trademark case of the year is *Torres v. Cantine Torresella*, on page 6 of your outline [119 F.R.D. at 100]. The Lanham Trademark Act, in Section 14, expressly provides that registration of a mark may be cancelled at any time if the registration was obtained fraudulently. In *Torres*, the court affirmed the grant of a summary judgment cancelling the applicant's mark because it had committed fraud in obtaining renewal of the mark, 'Las Torres,' with a design, for wine, vermouth and champagne. Prior to applying for the renewal, the registrant had modified the mark it was using, and was only using it on wine. Nevertheless, the applicant submitted a specimen label with the old mark and verified that it was still using the mark on wine, vermouth and champagne. The registrant argued that its altered mark was not materially different from that in the registration, that renewal of the altered mark would have been proper under case law standards, and thus that any error in the renewal application was due to a misunderstanding.

The court disagreed, reasoning *inter alia* that the decision on whether current usage was materially different should be made by the PTO not by the applicant. *Torres* is important because it dramatizes the necessity of taking care in the procurement of intellectual property rights. It should be considered along with the inequitable conduct patent procurement cases of the court (of

which you will hear considerably more this afternoon).

In *Torres*, the court was willing to pin a 'fraud' label (that is the language of the statute), on the applicant without a full hearing and without a detailed supported finding of bad faith or fraudulent intent. Fraud occurred because the applicant submitted a label that he knew or should have known was not in use. The 'should have known' language suggests that something like a negligence standard is really being applied. A finding of real fraud is not necessary, despite what the statute says.

With that very sober note, we turn to the patent case. Here I have my traditional 10, and we will of course take them up beginning with Number 10.

At the bottom is the case *Bey v. Kollonitsch*, on page 23 of your patent outline [119 F.R.D. at 127]. The classic rule on priority of invention is that a person who is the second to reduce to practice, whether actually or constructively through the filing of a patent application disclosing the invention, can establish priority by showing a prior *86 conception and the exercise of continuous diligence to a reduction to practice from a time just prior to the other party's entry into the field.

The diligence requirement can be met by attorney diligence; that is, by the inventor making a disclosure of his invention to a patent attorney or agent and the exercise of continuous diligence by that attorney or agent in the preparation and filing of an application.

In *Bey*, the court held that the junior party in an interference sufficiently showed attorney diligence during the 41 day period from the senior party's filing date to the junior party's filing date. The junior party's application was prepared by a single attorney who had received a batch of related invention disclosures. The batch resulted ultimately in the filing of 22 applications. Since the cases were related in terms of inventorship and subject matter, the junior applicant did not need to establish that the attorney took the cases up in chronological order, as he would were the cases unrelated.

Bey is important because it is a good example, in my opinion, of how the court can and should apply and refine rules of patent law, even the ancient technical rules on priority of invention, with an eye to sound policy. Requiring assignees to have patent counsel work on related invention disclosures in strict chronological order or to assign cases to multiple counsel would cause inefficiency, either greater expense or greater delay in getting all of the application filed, or both.

The long-term significance of *Bey* and other cases on priority of invention may be limited if the United States moves to harmonize its patent system with that of other major patent granting authorities by adopting a modified first to file system. Under current law, *Bey* is important, and not solely in the context of technical interference proceedings in the PTO.

Priority rules also govern the ability to show a pre-filing date of invention and to eliminate post-invention references as prior work, whether in the PTO through a Rule 31 affidavit, or in litigation. A dramatic illustration of that is the *Hybritech* case, which is on page 22 of your outline [119 F.R.D. at 126].

In the Number 9 spot is *In re: Weiler*, which is on page 30 of your patent outline [119 F.R.D. at 133]. *Weiler* involved the availability of reissue to obtain claims to subject matter not claimed in

the original application. To simplify matters, suppose an inventor files an application disclosing related subject matters A, B, and C. The inventor claims A and B. After an examiner restriction requirement, the inventor elects and obtains a patent thereon without filing a divisional application. Within the two-year statutory period for filing reissue applications that enlarge the scope of the claims of the original patent, the inventor files a reissue application seeking to claim C, alleging that the failure to claim C was the result of the inventor's ignorance of claim drafting requirements and the patent attorney's ignorance of the scope of the invention.

In essentially that fact pattern, the court affirmed a rejection of the claim to C. There was an insufficient showing of 'error' within the meaning of the reissue statute. It relied in part on the 1977 CCPA decision *In re Orita* [550 F.2d 1277 (Fed.Cir.1977)], which held that *87 reissue could not be used to claim subject matter that was not elected in response to a restriction requirement, such as subject matter B in my example.

I think *Wheeler* is important because it is perplexing. It appears to put a gloss on the reissue statute that is not there and casts doubt on past decisions by the CCPA and the Federal Circuit, indicating that the reissue statute should be liberally construed to allow corrections of errors made without deceptive intention.

For example, in prior cases dealing with the sufficiency of reissue oaths, the court had approved statements as to the miscommunications and misunderstandings between inventor and patent counsel. Unlike *Orita*, we have no clearly deliberate action, such as failing to file a divisional application. Actually, I confess, I don't like *Orita* either!

A major purpose of the reissue statute is to allow patentees to claim subject matter omitted by error from the original patent. Possible prejudice to the public and to particular persons who may have relied on the limited scope of the claims is ameliorated by three legal requirements: that there be a full compliance with Section 112 on disclosure, that the application be filed within two years of issuance of the patent, and the intervening rights may be afforded to protect investments made or business commenced before the grant of the reissue.

Wheeler seems to set up a rule that regardless of the facts, there can be no error in failure to claim subject matter never claimed at all in the original prosecution.

In the Number 8 spot is *Senza-Gel Corporation v. Seiffhart* on page 49 of your outline [119 F.R.D. at 148]. The Federal Circuit here proved that reports of the death of the misuse doctrine are indeed premature. The plaintiff held a patent on a process for boning hams. The defendant sold a machine for use in boning hams. The plaintiff sued for infringement and contributory infringement.

After the trial, the defendant successfully sought to amend its answer to add the defense of misuse. It then obtained partial summary judgment that the patent was unenforceable because of misuse. The evidence at trial showed that the patent owner never licensed the process patent without also leasing the machine, and that the machine was suitable for substantial non-infringing use, that is, uses other than for carrying out the patented process. This showed an improper tying of the machine to the patented process. The Federal Circuit affirmed. It noted that the patent owner offered no evidence that the combined process and machine leasing practice was either

voluntary or based on a business justification.

Two points about *Senza-Gel* are of interest. First, the court carefully distinguished patent misuse by tying from anti-trust violations by tying. For example, in determining whether there are separate products capable of being tied with misuse one looks only to the claimed invention. With anti-trust law, one looks to consumer demand. The lesson for patent counsel may be to more carefully direct claims in relation to how the invention will be commercially exploited. Second, the plaintiff did have an apparatus patent that apparently covered the plaintiff's machine *88 and may have covered the machine sold by the defendant. Nevertheless, the court stated that the machine leased by the plaintiff must be treated as though it were an unpatented product for purposes of patent misuse, since the plaintiff had chosen not to put its patent at issue in the case.

In the Number 7 spot is *TWM Manufacturing v. Dura Corporation* on pages 54 and 55 of your outline [119 F.R.D. at 152 and 153]. This case continues the trend toward higher damage awards in patent cases, a trend that may be somewhat retarded by the very recent *Hughes Tool* decision. The court affirmed a 30 percent reasonable royalty on some sales, which was derived by the lower court from a projected infringer profits.

TWM and another damage case in your outline-*Radio Steel* on page 53 and 54-55 [119 F.R.D. at 151 and 153], are of interest for their treatment of the issue of alleged non-infringing alternatives, which are relied upon by accused infringers to show that either a lower royalty rate is appropriate, or that the patent owner would not have made increased sales but for the infringing sales.

The court comes close to saying that the fact that the patentee's device is patented establishes that there is no adequate alternative. Clearly in particular circumstances that will not be so.

In the Number 6 spot is *Pacific Furniture Manufacturing v. Preview Furniture* on page 14 of your outline [119 F.R.D. at 120]. Here, the court affirmed a trial court finding that a design patent on an upholstered chair was valid and willfully infringed, even though two prior chair designs of the inventor's assignee had not been disclosed to or considered by the examiner during the prosecution of the application for the patent.

The patent was upheld even though the employee of the assignee who had designed the prior art design admitted that the patented design was 'the result of an effort to give a loose look to one of the prior art chair designs.'

Design patents are often neglected stepchildren of the patent system. They are relatively inexpensive to obtain, but in the past, they have suffered from judicial disfavor. Will design patents share in the current Renaissance of vitality being enjoyed by utility patents? *Pacific Furniture* is one of three recent Federal Circuit decisions involving design patents, the other being *In re Cho*, on page 15 of your outline [119 F.R.D. at 121], and *Power Controls* on pages 1 and 52 of your outline [119 F.R.D. at 110 and 150]. The results are mixed and the problems of assessing obviousness and of determining when a design is so dictated by functional considerations as to be ineligible for design protection remain. However, as a whole, it appears that design patents may be making a comeback.

In the Number 5 spot is *Paperless Accounting v. Bay Area Rapid Transit*, which is on pages 5

and 29 of your outline [119 F.R.D. at 113 and 132]. In this decision, the court confronted one of the puzzling but important issues concerning the law of anticipation, obviousness, and enablement.

Consider this hypothetical: the inventor files an application in Month 1, claiming subject matter A. In Month 18, a counterpart of the inventor's *89 application is published in another country as a part of that country's patenting procedure. In Month 31, the inventor files a continuation in part, or CIP, amplifying the disclosure as to A. Later a patent issues.

Can a decision maker consistently decide, first, that the disclosures of the patent application do not provide enabling support for the claim to A, so that the patent claim is not entitled to the benefit of the filing date of the parent application, but, second, that the publication constitutes an anticipation of the claim under 35 U.S.C. Section 102(b) because it constitutes a description of the invention in a printed publication more than one year prior to the effective patent application filing date?

Well, in *Paperless Accounting*, applying the settled principle that to constitute an anticipation, a prior art publication must contain an enabling disclosure, the court states generally that those two decisions would not be consistent. If the parent application does not enable the claim, a publication of it cannot anticipate that same claim. The opinion also states that 'the correct role of the foreign publication in such a case, is as a reference, under Section 103.'

The court's broad suggestion of a symmetry between enabling support under Section 112 and sufficient disclosure under Section 102 is interesting, but prior case law, which the court did not cite or discuss, indicates that such symmetry is not universal.

First, changes in the state of the art may make the published counterpart enabling as of the date of its publication, or even as of a date after its publication, but before the Section 102(b) critical date. On the other hand, the enabling quality of the parent application must be determined as of its filing date, an earlier point in time when the state of the art may not be as well developed.

And secondly, the parent application, as filed and as published, may provide enabling support for a species falling within the claim but not for the full scope of the claim. In such a case, the published counterpart could well constitute a Section 102(b) anticipation of a generic claim that is supported in a Section 112 sense only by the expanded disclosure of the CIP. That in fact, of course, was the holding of the 1958 *Rusetta* holding. One could ask, 'What is the law?' The generic statement in *Paperless Accounting*? Or the prior specific holding in *Rusetta*?

In the Number 4 spot is *Orthokinetics, Incorporated v. Safety Travel Chairs, Incorporated*, on among other places, pages 40 and 59 of your outline [119 F.R.D. at 141 and 156]. Now, this case makes the list, and a fairly high spot on the list, not so much for its holding on any single issue, but rather for how it illustrates the attitude of the court on several issues.

First, it certainly shows that jury verdicts rejecting challenges to the validity of patents on obvious ground are different to overcome.

Second, it is a significant precedent along with the 1985 *Power Lift* [774 F.2d 478

(Fed.Cir.1985)] decision on the personal liability of corporate officers, directors and shareholders for patent infringement.

In upholding the jury finding of personal liability on the particular corporate officers and directors, the court discusses two alternative or perhaps cumulative theories. One is liability for inducement of infringement*90 under 35 U.S.C. Section 271(b). The court rejects properly, I would think the notion that the individuals must be willful infringers in order to be inducers. But there is perhaps a more important issue or problem with the inducement theory: arguably, one cannot induce one's own infringing activities. Indeed, there are cases in the venue area so holding. Conceptually, an officer or a director or shareholder is part of the corporate structure. So how can you be inducing yourself?

The other theory is liability for direct infringement under 35 U.S.C. Section 271(a), the corporate entity being viewed as the *alter ego* of the individual defendants. But what standards govern *alter ego* status? The court mentions that the individuals owned all the stock of the corporate infringer and were the only persons who stood to benefit from the infringing sales (which in a corporate context may not be correct, the creditors of the corporation also being effected).

The facts mentioned by the court would probably not support a 'piercing of the corporate veil' under traditional state corporation law (at least as I remember studying it and even teaching it on a few occasions). Are those traditional standards to be disregarded? Of course, in some situations an officer or director will actually carry out the infringing act, and be liable therefor-it being a settled principle of tort law that an employee is liable for his or her own torts, and patent infringement being considered a variety of tort.

Finally, *Orthokinetics* is one of a flock of cases in which the court has affirmed or directed findings of willful-one struggles. One struggles in a variety of ways.

One struggles to find clear guidelines in the court's numerous opinions as to when infringing conduct is willful. For example, is a defendant a willful infringer despite obtaining an oral opinion of non-infringement from an outside patent attorney? 'No,' say *Radio Steel*, 'Yes,' says *Shiley*, pages 56 and 58 [119 F.R.D. at 154 and 155].

The 'totality of the circumstance' test almost makes such a finding discretionary, but, given the potentially enormous monetary effects of such a finding, in terms of multiple of damages and the award of attorneys' fees, treating the issue as discretionary has a serious destabilizing effect on the conduct and settlement of patent litigation.

The absence of clear standards tends to be verified by the fact that one rarely sees a patent infringement action in which the patent owner does not charge the accused infringer with willfulness. If one very carefully analyzes the cases, some hits do emerge. For example, persons who make a *bonafide* attempt to design around a claimed invention or modify their product or process in response to counsel's advice seem likely to escape a finding of willful infringement.

In common with the inequitable conduct cases, the willful infringement cases seem to assess yesterday's conduct by today's standard of care.

We are really entering the stratosphere with Number 3. The Number 3 case of the year is *A.B.*

Dick Company v. Burroughs. You will hear much about this case, I suspect, in the debate to follow and hence I am not going to dwell on it. It is on page-at least on pages 34, 36, and 37 of your outline [119 F.R.D. at 136, 139 and 139].

*91 As with willful infringement, it is difficult to synthesize the court's decisions on inequitable conduct into predictable standards other than to conclude that the trial court findings are very likely, though not inevitably, going to be affirmed. For example, the findings of no materiality in *Pacific Furniture* on page 35 [119 F.R.D. at 137], and no intent in the *Akzo* case on page 37 [119 F.R.D. at 138], are most peculiar.

As with willful infringement, it is a rare patent infringement charge today that is not defended by a charge of inequitable conduct. Given that this may be the most criticized decision of the court to date, you might well ask, why is this not Number 1? Well, two reasons.

First, the jolting holding of *A.B. Dick*, that a patent on a valuable invention, all the claims of which are otherwise valid and infringed, is unenforceable because of the applicant's failure to disclose a known prior art reference that the examiner eventually found and considered before allowing the claims of the patent to issue, was perhaps foreshadowed by the inequitable conduct decisions of prior years by this court.

I point out to you cases such as *J.P. Stevens* in 1984, approving the Rule 56 threshold standard of materiality, that is, substantial likelihood that a reasonable examiner would consider the information important in deciding whether to allow the application to issue as a patent and holding that a patent is wholly and permanently unenforceable if inequitable conduct taints any one claim in the patent; *Driscoll v. Ceballo*, in 1984, repudiating the necessity of examiner reliance; *Argus I* in 1985, holding that attorney prosecution conduct decades ago is to be judged by today's disclosure standards; and *Rohm & Haas v. Crystal* [736 F.2d 688 (Fed.Cir.1984)], recognizing that prior misconduct may be cured during original prosecution but only under limited circumstances. The court warned us. Perhaps we didn't listen or protest sooner.

My second reason for relegating *A.B. Dick* is the luxury of personal predilection. The current preoccupation with this issue in patent litigation and within the PTO is bad for the patent system as a whole so clearly bad that steps will surely be taken to deflate it, so that we can turn back to the fundamental issues of patent law, which are the topic of cases Number 1 and Number 2, and perhaps leave to the ecclesiastical courts the determination of who are the good guys and who are the bad guys, the willful infringers and the fraudfeasers and whose souls are to be condemned to eternal damnation.

In the second position is a trio of obviousness decisions: *Hybritech v. Monoclonal Antibodies* on pages 10 and 13 [119 F.R.D. at 117 and 119], *In re Merck & Co.* on pages 10 and 12 [119 F.R.D. at 117 and 119], and *Panduit v. Dennison* on page 17 [119 F.R.D. at 122]. *Merck* and *Hybritech* confront some of the most difficult substantive aspects of the nonobviousness requirement: what is the impact of a degree of predictability in the art on the obviousness of an invention that results from arduous and expensive research that follows the predicted directions? How do we reconcile the two notions that, on the one hand, 'obvious-to-try' is not the proper standard of obviousness, but, on the other hand, absolute certainty or predictability is not required? What is the impact of the fact that others in the art were pursuing the same objective and achieved it independently soon

after the inventors?

*92 In *Hybritech*, the improper ‘obvious-to-try’ concept dominated, while in *Merck*, the ‘less-than-absolute certainty or predictability’ concepts dominated. The differing results in the cases may illustrate the real force of the presumption of validity, which applied to the patent claims under review in the District Court in *Hybritech* but not to the patent claims under re-examination by the PTO in *Merck*.

But the results in the two cases do not seem to turn so much on the specific fact findings, as to which the presumption and the clearly and convincing standard apply, but as to how to characterize the facts, in other words, on the ultimate conclusion of obviousness. That brings me, of course, to the *Panduit* case, in which this court answered the Supreme Court's inquiries as to its views on the complex issue of the degree to which the obviousness determination is one of fact.

In a lucid opinion, this court answered, not unexpectedly, that an obviousness determination involves legal determinations, legal standards for fact finding, and fact finding. The ultimate conclusion is one of law based on facts.

The Number 1 decision is *Texas Instruments v. United States International Trade Commission*, which is on page 42 and 47 of your outline [119 F.R.D. at 143 and 146]. It is a decision that openly focuses on what is the most difficult determination, I think, in the patent system-claim scope. It is a policy-driven problem of balancing, which has been recognized by the courts at least since the Supreme Court's *Telegraph* and *Telephone* cases in the 19th century. On the one hand, an inventor or one means of achieving a useful result cannot obtain a claim covering all possible means for achieving that result only over such means as he or she has invented and disclosed in the patent specification. On the other hand, an inventor should not be restricted to particular preferred embodiment of his or her invention that is disclosed in that specification. The inventor should be allowed to claim the invented means with an appropriate degree of generality so as to encompass modifications and improvement that, in a sense, ‘stand on the shoulders’ of the inventor's work.

Now, the patent in *Texas Instruments* was on a pioneering invention, and the court calls it such, the portable electronic calculator. Simplifying matters a great deal, the patent claims contained three means-plus-function element: an input keyboard means; an electronic memory, arithmetic and transfer means; and a display means.

It was undisputed that the accused calculators did contain means corresponding to the indicated functions of those elements. But as to each such means, the accused devices employed means that differed from those disclosed in the patent specification. Each reflected advances in the technology. For example, the display means in the patent was illustrated as a thermal printer. The accused devices used LCD displays. All of the improvements meant that the accused devices could be lighter, smaller, and use less battery power than the relatively large ‘clunker’ disclosed in the patent specification.

The court affirmed a finding of no infringement. It indicated that there was no substantial evidence to support the finding of the Administrative*93 Law Judge of non-equivalence as to each claim clause considered separately. In other words, if the only difference had been substitution of the

LCD for the thermal printer, there would have been infringement. If the only difference had been as to the other limitations, there would have been infringement. The court emphasized in strong language that a means plus function element is not to be confined to the exact structure in the specification and may include later developed technology.

But the court reached its conclusion of no literal infringement by comparing the claimed invention ‘as a whole’ with the accused device ‘as a whole.’ As a whole, the disclosed devices were simply too advanced, in the court’s view, beyond the invention disclosed and claimed in the patent to be considered within the scope of the patent.

Now, this as a whole test of infringement is most peculiar. With the Federal Circuit we seem to have rid ourselves of the synergism test for the patentability of combinations. But with *Texas Instruments* we may have acquired a ‘reverse synergism test’ under which combinations may escape infringement. The court went on to discuss and dismiss the contention that there could be infringement under the doctrine of equivalence. The court emphasized that there was no such infringement even though: first, the invention was a pioneer; second, there was no basis in the prosecution history for an estoppel precluding reading the claim as to cover the accused devices; third prior art did not preclude the expansion of the claims as urged by the patent owner, and finally, the accused devices were admittedly the functional equivalents of the disclose invention.

The court stressed, and I think properly, that the determination of equivalency is, by its nature, inimical to the basic precept of patent law that the claims are the measure of the grant, and that there are equitable limits to the expansion of the judicially developed doctrine of equivalence.

As I noted, *Texas Instruments*, the case of the year, struggles in a sensitive way with the most important issue, claim scope. But perhaps the court was working with the wrong tools. The claim was literally infringed. But was the claim proper under Section 112? The settled law, of course, is that the scope of enablement must be commensurate with the scope of the claim, and one wonders whether the specification in the patent met that standard.

So those are my Top 10 for the year. I emphasize that it is simply my opinion as to ten of the most important cases of the year. In a certain real sense, every published opinion by the court is an important one that deserves your careful reading and attention. I thank you very much for your patience, and I look forward to answering your question. Thank you. (Applause)

(Lists of Patent-Related and Trademark-Related Decisions, compiled by Professor Donald S. Chisum follow:)

*94 THE TRADEMARK-RELATED DECISIONS OF THE COURT OF APPEALS FOR THE
FEDERAL CIRCUIT APRIL 1986-MARCH 1987 [FN1]

by

DONALD S. CHISUM [FN2]

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*96 I. LIKELIHOOD OF CONFUSION

A. GENERALLY

Bed & Breakfast Registry, In re, 791 F.2d 157, 229 U.S.P.Q. 818 (Fed.Cir.1986)

(1) 'BED & BREAKFAST REGISTRY' for 'making lodging reservations for others in private homes' does *not* so resemble the registered service mark 'BED & BREAKFAST INTERNATIONAL' for 'room booking agency services' as to create a likelihood of confusion.

(2) While 'marks must be considered in their entireties' and 'common elements of the marks, even if descriptive, cannot be ignored,' 'travellers acquainted with the term 'bed and breakfast' are more likely to rely on the non-common portion of each mark, e.g., 'registry' vs. 'international', to distinguish among similar services.'

(3) The argument of the Patent and Trademark Office (P.T.O.) that consumers would tend to assume that applicant's mark is the 'domestic counterpart' of the registrant's international service is but a 'speculative assumption.' The large number of variously named 'bed and breakfast' services 'weighs against the reasonableness of the assumption that two such services are related.'

Research and Trading Corp., In re, 793 F.2d 1276, 230 U.S.P.Q. 49 (Fed.Cir.1986)

(1) 'ROPELOK' for 'safety fall protection equipment for attachment to workers operating at elevated heights, said equipment comprising a lifeline engaging element actuated by a fall and a shock-absorber sold as a unit' so resembles the mark 'ROPELOCK' registered on the

supplemental register for 'releasable locking buckles fro ropes particularly for industrial purposes' as to create a likelihood of confusion.

(2) The two marks are nearly identical. The applicant's lifeline safety devices and the registrant's releasable locking buckles for ropes for industrial purposes are both 'closely related safety equipment whose commercial purchasers would be likely to be confused as to source.'

(3) 'Sophistication of buyers and purchaser care are relevant considerations' but are not controlling. 'That the relevant class of buyers may exercise care does not necessarily impose on that class the responsibility of distinguishing between similar trademarks for similar goods.'
Bongrain International (American) Corp. v. Delice de France Inc., 811 F.2d 1479, 1 U.S.P.Q.2d 1775 (Fed.Cir.1987)

(1) The Trademark Trial and Appeal Board (T.T.A.B.) erred in granting a summary judgment cancelling appellant's registrations of the mark 'LE PETIT DELICE DE FRANCE' for cheese and milk products in view of the opposer's prior use of the mark 'DELICE DE FRANCE' in a design for bakery products.

*97 (2) The parties had, prior to the T.T.A.B. decision, entered into a written agreement that there was no likelihood of confusion in the marketplace and that each could continue using its mark on its product. The opposer, who was the prior user, filed an opposition only because the P.T.O. examiner rejected its application to register its mark because of the subsisting registrations of the appellant. The T.T.A.B. decision upset the parties' efforts to achieve a mutually agreeable solution to their dispute.

(3) '[I]n trademark cases involving agreements reflecting parties' views on the likelihood of confusion in the marketplace, [the parties] are in a much better position to know the real life situation than bureaucrats or judges.' '[S]uch agreements may, depending on the circumstances, carry great weight.'

(4) The likelihood of confusion standard of Section 2(d) of the Trademark Act should be construed in accordance with the policies and purposes of that Act, including the policy to 'encourage the presence on the register of trademarks of as many as possible of the marks in actual use so that they are available for search purposes.' The T.T.A.B. decision would have removed registration of a mark that the appellant would continue to use without objection by the opposer.

(5) 'Likelihood of confusion under § 2(d) is . . . a question of law.' 'Likelihood of confusion cannot be established . . . merely by citing other cases based on different fact situations. It is an ultimate conclusion which must be reached on all the circumstances of the case at bar.'
Canadian Imperial Bank of Commerce v. Wells Fargo Bank, 811 F.2d 1490, 1 U.S.P.Q.2d 1813 (Fed.Cir.1987)

(1) The applicant's mark 'COMMCASH' for 'banking services' so resembles the opposer's registered mark 'COMMUNICASH' for 'banking services' as to create a likelihood of confusion.

(2) In determining likelihood of confusion, the T.T.A.B. did not err in focusing on the broad category of 'banking services' even though both parties currently used their marks only for the highly specialized service of electronic cash management used by sophisticated and discerning customers, such as large corporations and banks.

(3) Likelihood of confusion must be determined on the basis of an analysis of the mark as applied to the goods or services recited in the applicant's application vis-a-vis the goods or services recited in the opposer's registration rather than on what the evidence shows the goods or services to be.

(4) Prior language in opinions of the Federal Circuit and its predecessor courts emphasizing the importance of actual use in the marketplace 'must be read in light of the issue before the court, and . . . cannot be applied uncritically to wholly different factual situations.'

B. USE OF SIMILAR MARKS BY RELATED ENTITIES

Wella A.G., In re, 787 F.2d 1549, 229 U.S.P.Q. 274 (Fed.Cir.1986)

(1) Prior registration or use of similar marks by a wholly-owned subsidiary of an applicant seeking registration of a mark does not *per se* support a refusal of registration under Section 2(d) of the Lanham '98 Act, which bars registration of marks that so resemble a mark registered or used 'by another' as to cause confusion.

(2) The T.T.A.B. erred in refusing registration of a German company's 'WELLASTRATE' mark for hair straightening products as confusingly similar to various 'WELLA' marks registered by the company's U.S. subsidiary without considering 'the relationship between the related companies, the extent to which the controlling company supervises and manages the controlled company and its use of trademarks, and the public perception of the source of the goods to which the marks are applied.'

(3) 'Where the applicant is a related company, the statute [Section 2(d)] requires a thorough inquiry into whether, considering all the circumstances, use of the mark by the applicant is likely to confuse the public about the source of the applicant's mark to the mark of the other company.' '[The question is:] is the public likely to believe that the source of that product is Wella U.S. rather than the German company or the Wella organization.'

(4) The court did not reach the appellant's contention that it was entitled to registration under the 'related companies' doctrine of Lanham Act Section 5.

(5) In a separate opinion, Judge Nies opined that the question of title ownership of the prior registrations by the U.S. subsidiary should be resolved in view of the parent corporation's assertion that it is 'the *sole* owner of rights in the WELLA marks in U.S. commerce.'

II. OTHER ISSUES

A. DESCRIPTIVENESS

Bed & Breakfast Registry, In re, 791 F.2d 157, 229 U.S.P.Q. 818 (Fed.Cir.1986)

(1) The P.T.O. did not err in finding that 'BED & BREAKFAST REGISTRY' for 'making lodging reservations for others in private homes' was merely descriptive within the meaning of Section 2(e)(1) of the Lanham Act despite applicant's argument that 'registry' means an official record and that it does not keep a 'register' of lodgings for public use.

(2) A 'NEXIS' search showed two newspaper articles describing bed and breakfast 'registry' or 'registries.' 'The descriptive use of the word 'registry' by others weights against the applicant's argument that its own use is not descriptive of similar services.'

(3) 'Whether a mark is merely descriptive is a question of fact, determined from the viewpoint of the relevant purchasing public. Evidence of the purchasing public's understanding of the term may be obtained from any competent source, such as dictionaries, newspapers, or surveys.' 'The public's understanding of the term may also change with time.'

B. ADOPTION AND USE

International Telephone & Telegraph Corp. v. International Mobile Machines Corp., 800 F.2d 1118, 231 U.S.P.Q. 142 (Fed.Cir.1986)

*99 (1) 'An initial commercial transaction is sufficient to support the validity of a registration so long as the initial transaction is not a sham transaction and is followed by a continuing effort or intent to engage in commercial use.'

(2) A transaction between the corporate-owner of a mark and a person who was an investor and a member of its board of directors is not *per se* a non-commercial transaction.

(3) The T.T.A.B. committed clear error in determining that the petitioner seeking cancellation met its burden of showing that the registrant's registration of the 'ULTRAPHONE' mark for hand-held, wireless, portable telephones was invalid because of insufficient commercial use prior to the filing of the application for registration.

(4) On June 25, 1976, the registrant demonstrated prototype analog versions of such phones in Philadelphia, Pennsylvania, and soon thereafter shipped one such phone on a consignment basis to a person in Baltimore, Maryland, who was an investor in and member of the board of directors of the registrant. The person later returned the phone. The person was seriously interested in either adopting the phone to his business or becoming a franchisor for the system. Later, the registrant abandoned the analog version and, at the time of the filing of the petition to cancel registration of the mark, was at work on a digital version of the phone. The T.T.A.B. found that the registrant

had not abandoned the mark.

Hydro-Dynamics Inc. v. George Putnam & Co., Inc., 811 F.2d 1470, 1 U.S.P.Q.2d 1772 (Fed.Cir.1987)

(1) Shipment of the product with a mark affixed thereto to an independent distributor to obtain the distributor's opinion on and reaction to the mark does not constitute adoption and use of the mark sufficient to establish priority over another party who subsequently adopted the same mark.

(2) A single shipment in interstate commerce will suffice to support registration but only if the mark has already been adopted and used as a trademark. 'Although a party may establish that a shipment in commerce was a bona fide commercial transaction by evidence of subsequent events, . . . the purpose of the shipment can not be changed retroactively.'

C. RENEWAL

Torres v. Cantine Torresella S.r.l., 808 F.2d 46, 1 U.S.P.Q.2d 1483 (Fed.Cir.1986)

(1) A specimen showing current use of the mark and a list of the goods on which the mark is still in use must accompany an application to renew registration under Section 9 of the Lanham Act, which authorizes renewal of a registration for twenty year periods.

(2) '[F]ailure to submit a specimen showing current use and to specify those goods covered by the registration on which the mark is still in use is fatal to a section 9 application for renewal. The statutory requirements cannot be waived except on the grounds set forth in section 9 itself.'

*100 (3) By way of contrast, under Section 8 of the Lanham Act, which requires an affidavit of continued use to be filed five years after registration, a specimen need not necessarily be submitted since '[s]upport for an averment that the mark is in current use can be supplied in alternative ways.'

D. INTER PARTES PROCEEDINGS

International Telephone & Telegraph Corp. v. International Mobile Machines Corp., 800 F.2d 1118, 231 U.S.P.Q. 142 (Fed.Cir.1986)

(1) 'Cancellation of a mark's registration within the initial five years of registration may be based upon any ground which could have prevented registration initially.'

(2) In a cancellation proceeding, the registrant 'enjoys the benefit of a *prima facie* evidence of the validity of the registration for the goods or services specified in the certificate.' The party seeking cancellation must prove improper registration by a preponderance of the evidence. The factual findings of the T.T.A.B. are reviewed on appeal under the clearly erroneous standard.

Hydro-Dynamics Inc. v. George Putnam & Co., Inc., 811 F.2d 1470, 1 U.S.P.Q.2d 1772 (Fed.Cir.1987)

(1) In a trademark opposition proceeding involving multiple applicants seeking to register the

same mark, the party who is first to file an application for registration derives 'no substantive advantage in law' but does derive a procedural advantage: 'the burden of pleading facts and going forward with proof of its claim to prior use of the trademark' is placed on the party who is second to file.

(2) 'In the usual case the decision as to priority is made in accordance with the preponderance of the evidence.' A heavier burden is inappropriate because 'the act of filing a trademark application is accompanied by no legal presumption whatsoever.'

(3) 'Where an applicant seeks to prove a date earlier than the date alleged in its application, a heavier burden has been imposed on the applicant than the common law burden of preponderance of the evidence.' Use of the phrase 'at least as early as' a named date in an application 'does not mitigate the increased burden. . . .'

E. FRAUDULENT PROCUREMENT

Torres v. Cantine Torresella S.r.l., 808 F.2d 46, 1 U.S.P.Q.2d 1483 (Fed.Cir.1986)

(1) 'Fraud in procuring a trademark registration or renewal occurs when an applicant knowingly makes false, material representations of fact in connection with his application.'

(2) Summary judgment cancelling the registrant's registration of 'LAS TORRES' with a design depicting three castle-like towers for 'wine, vermouth, and champagne' was properly granted. In applying for renewal, the registrant

(a) included a specimen label of the registered mark even though that label was no longer in use, the registrant having adopted an altered mark with 'TORRES' and a modified design, and

(b) stated in an affidavit that the mark was still in use on wine, vermouth and champagne when he knew it was in use only on wine.

*101 (3) 'If a registrant files a verified renewal application stating that his registered mark is currently in use in interstate commerce and that the label attached to the application shows the mark as currently used when, in fact, he knows or should know that he is not using the mark as registered and that the label attached to the registration is not currently in use, he has knowingly attempted to mislead the PTO.'

(4) 'The obligation to refrain from knowingly making false, material statements applies with equal force to renewal applications.'

(5) The registrant's argument that the registered mark is not materially different from the form of mark now used was unconvincing: 'The decision whether the *current* usage is not materially different from the mark as registered *despite the change* must rest with the Board, not the trademark owner.'

F. UNFAIR COMPETITION-FEDERAL PREEMPTION OF STATE LAW

Gemveto Jewelry Co., Inc. v. Jeff Cooper, Inc., 800 F.2d 256, 230 U.S.P.Q. 876 (Fed.Cir.1986)

(1) A district court order that in effect enjoined the defendant from selling jewelry of certain designs similar in appearance to the plaintiff's jewelry must be vacated and remanded for an 'appropriate re-wording' that will specify the marketing techniques and palming-off activities by the defendant that were found to constitute unfair competition.

(2) Under the Supreme Court's decisions in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661, 140 U.S.P.Q. 524 (1964) and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669, 140 U.S.P.Q. 528 (1964), state unfair competition law cannot protect against copying of an article itself that is unprotected by federal patent and copyright law.

(3) State law 'may require those who copy to identify the source of their product.'

*102 THE PATENT-RELATED DECISIONS OF THE COURT OF APPEALS FOR THE FEDERAL CIRCUIT APRIL 1986-MARCH 1987 [FN3] by DONALD S. CHISUM [FN4]

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*107 *King, In re*, 801 F.2d 1324, 231 U.S.P.Q. 136 (Fed.Cir.1986) (RICH, Davis & Bennett), pages 110, 111, 167

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Mainland Industries, Inc. v. Standal's Patents Ltd., 799 F.2d 746, 230 U.S.P.Q. 772 (Fed.Cir.1986) (BISSELL, Markey, & Friedman), pages 148, 165

Majorette Toys (U.S.) Inc. v. Darda, Inc., 798 F.2d 1390, 230 U.S.P.Q. 541 (Fed.Cir.1986) (DAVIS, Baldwin & Smith), page 163

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Panduit Corp. v. Dennison Manufacturing Co., 810 F.2d 1561, 1 U.S.P.Q.2d 1593 (Fed.Cir.1987) (MARKEY, Cowen & Newman), pages 114, 115, 118, 120, 122, 168

Paper Converting Machine Co. v. Magna-Graphics Corp., 785 F.2d 1013, 228 U.S.P.Q. 938 (Fed.Cir.1986) (NICHOLS, Rich & Nies), page 158

*108 *Paperless Accounting, Inc. v. Bay Area Rapid Transit Sys.*, 804 F.2d 659, 231 U.S.P.Q. 649 (Fed.Cir.1986) (NEWMAN, Markey & Baldwin), pages 113, 130, 132, 135, 167

Paulik v. Rizkalla, 796 F.2d 456, 230 U.S.P.Q. 434 (Fed.Cir.1986) (FRIEDMAN, Davis & Newman), pages 126, 129

Polaroid Corp. v. Eastman Kodak Co., 789 F.2d 1556, 229 U.S.P.Q. 561 (Fed.Cir.1986) (MARKEY, Smith & Newman), pages 118, 121, 122, 142, 145

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Power Controls Corp. v. Hybrinetics, Inc., 806 F.2d 234, 231 U.S.P.Q. 774 (Fed.Cir.1986) (FRIEDMAN, Smith & Bissell), pages 110, 150

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Queener, In re, 796 F.2d 461, 230 U.S.P.Q. 438 (Fed.Cir.1986) (PER CURIAM; Davis, MILLER, concurring, NEWMAN, concurring), page 134

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Revlon, Inc. v. Carson Products Co., 803 F.2d 676, 231 U.S.P.Q. 472 (Fed.Cir.1986) *cert. denied* ___ U.S. ___, 107 S.Ct. 671, 93 L.Ed.2d 722 (1986) (BISSELL, Smith & Skelton), pages 115, 122, 139, 159

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S and T Manufacturing Co. v. County of Hillsborough, 815 F.2d 676, 2 U.S.P.Q.2d 1280 (Fed.Cir.1987) (BISSELL, Nies & Archer), page 166

Schwarzkopf Development Corp. v. Ti-Coating, Inc., 800 F.2d 240, 231 U.S.P.Q. 47

(Fed.Cir.1986) (NEWMAN, Bissell, & Archer), page 160

Senza-Gel Corp. v. Seiffhart, 803 F.2d 661, 231 U.S.P.Q. 363 (Fed.Cir.1986) (MARKEY & Nies; BENNETT dissenting), pages 148, 164

Shiley, Inc. v. Bentley Laboratories, Inc., 794 F.2d 1561, 230 U.S.P.Q. 112 (Fed.Cir.1986) (BALDWIN, Smith & Newman), pages 119, 136, 140, 155

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Sung Nam Cho, In re, 813 F.2d 378, 1 U.S.P.Q.2d 1662 (Fed.Cir.1987) (MILLER, Archer; NEWMAN, dissenting), page 121

*109 *Surface Technology, Inc. v. U.S.I.T.C.*, 801 F.2d 1336, 231 U.S.P.Q. 192 (Fed.Cir.1986) (SMITH, Skelton & Bissell), pages 123, 142

Texas Instruments, Inc. v. U.S. Int'l Trade Comm'n, 805 F.2d 1558, 231 U.S.P.Q. 833 (Fed.Cir.1986) (NEWMAN, Davis & Cowen), pages 143, 146

Truswal Systems Corp. v. Hydro-Air Engineering, Inc., 813 F.2d 1207, 2 U.S.P.Q.2d 1034 (Fed.Cir.1987) (MARKEY, Smith; RICH, dissenting), pages 118, 164, 166

TVI Energy Corp. v. Blane, 806 F.2d 1057, 1 U.S.P.Q.2d 1071 (Fed.Cir.1986) (DAVIS, Markey & Baldwin), pages 150, 159, 162

TWM Mfg. Co., Inc. v. Dura Corp., 789 F.2d 895, 229 U.S.P.Q. 525 (Fed.Cir.1986) (MARKEY, Nichols & Smith), pages 152, 153, 154

Verdegaal Brothers, Inc. v. Union Oil Company of California, 814 F.2d 628, 2 U.S.P.Q.2d 1051 (Fed.Cir.1987) (NIES, Markey & Davis), pages 112, 169

Warner & Swasey Co. v. Salvagnini Transferica S.p.A., 806 F.2d 1045, 231 U.S.P.Q. 972 (Fed.Cir.1986) (BALDWIN, Smith & Nies), page 163

Weiler, In re, 790 F.2d 1576, 229 U.S.P.Q. 673 (Fed.Cir.1986) (MARKEY, Nichols & Smith), page 133

Wyden v. Commissioner of Patents and Trademarks, 807 F.2d 934, 231 U.S.P.Q. 918 (Fed.Cir.1986) (RICH, Friedman, Davis, Baldwin, Smith, Nies, Newman, Bissell, & Archer; MARKEY, dissenting; NIES, concurring), page 161

*110 I. PATENTABILITY

A. PATENTABLE SUBJECT MATTER

[1] UTILITY PATENTS-PRODUCT AND PROCESS-35 U.S.C. SECTION 101

In re King, 801 F.2d 1324, 231 U.S.P.Q. 136 (Fed.Cir.1986)

A person is not entitled to obtain a patent because he sets out the scientific formulae explaining a phenomenon that inherently occurs from use of the structure disclosed in a prior art reference. *Alco Standard Corp. v. Tennessee Valley Authority*, 808 F.2d 1490, 1 U.S.P.Q.2d 1337 (Fed.Cir.1986)

(1) 'The inclusion in a patent of a process that may be performed by a person, but that also is capable of being performed by a machine, is not fatal to patentability.'

(2) As to a patent on an apparatus and method of inspection of turbine rotors in electrical generators by the use of ultrasonic waves to detect discontinuities, which include steps of 'correlating' and 'combining' certain information, the correlating and combining steps are not unpatentable as 'merely mental processes.' In the invention, certain scan data 'are arranged and grouped using simple trigonometric calculations and graphic techniques. Any mental processes occur after the data has been subjected to calculation and graphing.'

[2] DESIGN PATENTS-FUNCTIONALITY-35 U.S.C. SECTION 171

Power Controls Corp. v. Hybrinetics, Inc., 806 F.2d 234, 231 U.S.P.Q. 774 (Fed.Cir.1986)

(1) 'If the patented design is primarily functional rather than ornamental, the patent is invalid.'

(2) The district court erred in granting a preliminary injunction against infringement of a design patent on a 'clam shell' type of package used to encase a rotary dimmer switch. The accused infringer made a strong showing in an affidavit by a patent attorney based on the inventor's deposition that none of the features of the design was primarily ornamental. The affidavit did not improperly fail to consider the design 'as a whole.' While the design 'as a whole' must be considered in determining infringement, the issue of functionality pertains to validity, not infringement. 'In determining whether a design is primarily functional, the purposes of the particular elements of the design necessarily must be considered. [The patent attorney's] affidavit properly explained why and how the various elements of the '580 patented package each served a particular functional purpose.'

B. ANTICIPATION-35 U.S.C. SECTION 102(a)

Kloster Speedsteel AB v. Crucible Inc., 793 F.2d 1565, 230 U.S.P.Q. 81 (Fed.Cir.1986) *on rehearing* 231 U.S.P.Q. 160 (Fed.Cir.1986)

(1) Absence from a cited reference of any element of a claim of a patent negates anticipation of that claim by the reference.

(2) 'Patent drawings are not drawn to scale, and that a defendant may when sued so measure a drawing as to match one limitation [of the claim at issue] relating to size does not establish anticipation.' *111 Inherency and obviousness are distinct concepts. (On rehearing, the court deleted from the above-quoted sentence the phrase 'Patent drawings are not drawn to scale . . .' and altered the remainder of the sentence to read as follows: 'That a defendant may when sued so measure a [drawing] *photograph* as to match one limitation . . .' (Deletion in brackets and addition in italics).)

In re King, 801 F.2d 1324, 231 U.S.P.Q. 136 (Fed.Cir.1986)

(1) '[A]n article of manufacture in the prior art can be used to support an anticipation rejection of method claims, that, in essence, simply define what happens when that article of manufacture is placed in the environment in which the article will be used.' While 'the discovery of a new use for an old structure based on unknown properties of the structure [may be] patentable to the discoverer as a process,' '[u]nder the principles of inherency,' a claim is anticipated 'if a structure in the prior art necessarily functions in accordance with the limitations of a process or method claim.'

(2) After the PTO establishes a *prima facie* case of anticipation based on inherency, the burden shifts to the applicant to prove that the subject matter shown to be in the prior art does not possess the characteristic relied on.

Hybritech Inc. v. Monoclonal Antibodies, Inc., 802 F.2d 1367, 231 U.S.P.Q. 81 (Fed.Cir.1986)

(1) 'It is axiomatic that for prior art to anticipate under § 102 it has to meet every element of the claimed invention.'

(2) The trial court committed clear error in finding that claims in a patent to a 'sandwich assay' using monoclonal antibodies that called for using antibodies with a certain antigen affinity ('at least about 10⁸ liters/mole') were anticipated by a prior invention by another. While the prior invention did involve a sandwich assay, the prior inventors did not know the affinities of the antibodies that they used, and the specific affinity limitation could not be found in their work. *Carella v. Starlight Archery*, 804 F.2d 135, 231 U.S.P.Q. 644 (Fed.Cir.1986)

'Although in some circumstances unsupported oral testimony can be sufficient to prove prior knowledge or use, it must be regarded with suspicion and subjected to close scrutiny.' 'The statutory language, 'known or used by others in this country' (35 U.S.C. § 102(a)), means knowledge or use which is accessible to the public.'

Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F.2d 1565, 1 U.S.P.Q.2d 1081 (Fed.Cir.1986)

Anticipation requires the disclosure in a prior art reference of each and every element as set forth in the claim.

Akzo N.V. v. U.S. Int'l Trade Comm'n, 808 F.2d 1471, 1 U.S.P.Q.2d 1241 (Fed.Cir.1986)

In finding the absence of anticipation, the U.S.I.T.C. did not apply an improper '*ipsissimis verbis* test' (*i.e.* one in which the prior art must use the same terminology as the patent). 'Under 35

U.S.C. § 102, anticipation requires that each and every element of the claimed invention be disclosed in a prior art reference In addition, the *112 prior art reference must be enabling, thus placing the allegedly disclosed matter in the possession of the public.’

Verdegaal Brothers, Inc. v. Union Oil Company of California, 814 F.2d 628, 2 U.S.P.Q.2d 1051 (Fed.Cir.1987)

A patent claim to a process is anticipated by a prior art reference that discloses all of the limitations of that claim even though the reference does not expressly disclose the ‘inventive concept’ or desirable property discovered by the patentee. It suffices that the prior art process inherently possessed that property.

C. LOSS OF RIGHTS PROVISIONS-35 U.S.C. SECTION 102(b)

[1] PUBLIC USE AND ‘ON SALE’-EXPERIMENTAL USE

J. A. LaPorte, Inc. v. Norfolk Dredging Co., 787 F.2d 1577, 229 U.S.P.Q. 435 (Fed.Cir.1986)

(1) The sale of an embodiment of the invention prior to the critical date by a person other than the inventor creates an ‘on sale’ bar to a patent on that invention.

(2) There is no requirement that the claimed invention be publicly disclosed with a sale by a third party. Such a sale is not like the situation in which a third party secretly uses a process invention developed independently by another in order publicly to sell unpatented products made by the process. The invention was discoverable from the device that was sold. ‘[T]he question is not whether the sale, even a third party sale, ‘discloses’ the invention at the time of the sale, but whether the sale relates to a device that embodies the invention.’

(3) An ‘on sale’ bar may arise upon the signing of a purchase agreement and prior to actual delivery of a device since there is no requirement that a device be “on hand’ and transferred at the time of the sale to invoke the bar’

(4) Since the third party sale resulted because the inventor allowed another to view and photograph his invention in another country, the inventor’s ‘conduct violates one of the principal policies of § 102(b) which is to encourage early filing.’

Moleculon Research Corp. v. CBS, Inc., 793 F.2d 1261, 229 U.S.P.Q. 805 (Fed.Cir.1986)

The inventor’s display of a wood model of his invention (a cube puzzle) to colleagues and friends does not constitute ‘public’ use even though there was no mention of an obligation of secrecy. Based on personal relationships and the surrounding circumstances, the inventor retained control over the use of the puzzle and the distribution of information concerning it. Discussions between the inventor and his employer as to possible commercialization of the invention did not by itself convert an employee’s private pursuit into a commercial enterprise with the employer. Inquiries by the employer to game companies as to procedures for submitting ideas did not show commercialization, especially since nothing concerning the nature or workings of the *113 puzzle was disclosed. An oral agreement by the inventor to assign patent rights to his employer does not evoke the ‘on sale’ bar.

In re Brigrance, 792 F.2d 1103, 229 U.S.P.Q. 988 (Fed.Cir.1986)

(1) The experimental use exception does not apply to experiments performed with respect to nonclaimed features of an invention.

(2) ‘While objective indicia are valuable in determining whether the inventor's use of his invention is experimental, the inventor's expression of his subjective intent to experiment, is without more, of little value, particularly if expressed after initiation of litigation.’

(3) An offer to sell a completed invention prior to the critical date is sufficient to support a rejection under section 102(b). Under the totality of the circumstances, the invention was shown to have been, prior to the critical date, ‘in a completed form that was satisfactory to the inventor.’
Armco, Inc. v. Cyclops Corp., 791 F.2d 147, 229 U.S.P.Q. 721 (Fed.Cir.1986)

Summary judgment that the invention of the patent (a certain stainless steel alloy) was on sale or in public use was improper in view of disputed material factual issues. The patentee established a conflict in the evidence as to whether shipments of samples of alloys to aircraft manufacturers prior to the critical date were primarily for the purpose of experimentation and determination that the alloy would work for its intended purpose rather than for the purpose of commercialization and customer acceptance testing.

Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F.2d 1565, 1 U.S.P.Q.2d 1081 (Fed.Cir.1986)

(1) Existence of a public use or on sale bar is to be determined by reference to the *claimed* invention.

(2) As to a prototype demonstrated by the inventors prior to the critical date, there was substantial evidence indicating that the prototype lacked certain elements of the claims of the patent. Therefore, the district court erred in overturning the jury's determination that there was no clear and convincing evidence that the *claimed* invention was offered for sale or in public use more than one year before the filing of the application for the patent in suit.

[2] PUBLICATION

Carella v. Starlight Archery, 804 F.2d 135, 231 U.S.P.Q. 644 (Fed.Cir.1986)

A person who wishes to characterize information as a ‘printed publication’ must provide proof of its dissemination or availability and accessibility to persons concerned with the art to which the document relates. As to an advertisement mailed on a certain date, ‘[n]o evidence was presented as to the date of receipt of the mailer by any of the addressees.’

Paperless Accounting, Inc. v. Bay Area Rapid Transit Sys., 804 F.2d 659, 231 U.S.P.Q. 649 (Fed.Cir.1986)

(1) ‘[A] § 102(b) reference ‘must sufficiently describe the claimed invention to have placed the public in possession of it.’

*114 (2) '[I]f any claim of [a] patent is determined to be limited to the filing date of the [continuation-in-part ('c-i-p') application] on the basis that the disclosure of the [c-i-p's] parent [application] is insufficient to support such a claim, a corresponding foreign publication [of the parent application more than one year prior to the filing of the c-i-p as part of the patenting process in another country] is also insufficient to anticipate such claim under § 102(b). The correct role of the foreign publication in such case is as a reference under § 103.'

D. UTILITY-35 U.S.C. SEC. 101

Moleculon Research Corp. v. CBS, Inc., 793 F.2d 1261, 229 U.S.P.Q. 805 (Fed.Cir.1986)

(1) A claim of a patent for a method of restoring a composite cube puzzle of eight cube pieces to a preselected pattern was not shown to be totally inoperable even though it specified only rotation around a first and a second axis. The claim did not exclude rotation around a third axis if such were necessary to restore the preselected pattern.

(2) The subject matter of the claim was useful even though neither the claim nor the specification of the patent taught how to derive the particular series of moves necessary for solving a cube puzzle that had been randomized.

(3) An issue of lack of utility of an invention claimed in a patent is a question of fact.

E. OBVIOUSNESS-35 U.S.C. SECTION 103

[1] PRIOR ART

(a) Sources of Prior Art-Invention by Others-Admissions

In re Kaplan, 789 F.2d 1574, 229 U.S.P.Q. 678 (Fed.Cir.1986)

The disclosure of an inventor's own invention in the patent application of another inventive entity (such as a joint entity consisting of the inventor and another person) does not constitute prior art as to that inventor's subsequent patent application.

Hybritech Inc. v. Monoclonal Antibodies, Inc., 802 F.2d 1367, 231 U.S.P.Q. 81 (Fed.Cir.1986)

'§ 102(g) prior art can be used for § 103.'

Panduit Corp. v. Dennison Mfg. Co., 810 F.2d 1561, 1 U.S.P.Q.2d 1593, 1597 (Fed.Cir.1987)

'Before answering Graham's 'content' inquiry, it must be known whether a patent or publication is in the prior art under 35 U.S.C. § 102,-a legal question.' Inventions made by the same inventive entity and contained in copending applications are not prior art as to each other.

(b) The Pertinent Art-Analogous and Nonanalogous Art

In re Deminski, 796 F.2d 436, 230 U.S.P.Q. 313 (Fed.Cir.1986)

(1) Under the two-step test for determining whether a prior art reference is nonanalogous and thus not relevant in determining obviousness, it must be determined (1) whether the reference is ‘within the field of the inventor's endeavor’, and (2) if not, whether the reference *115 is ‘reasonably pertinent to the particular problem with which the inventor was involved.’

(2) The claimed invention and reference patents are within the same field of endeavor if they have essentially the same function and structure (such as pumps and compressors of the double-acting piston type).

(3) A cross reference in the official P.T.O. search notes is some evidence of analogy, particularly when ‘nearly identical classifications of the application and references . . . are the result of the close similarity in structure and function of the invention and the prior art.’

Revlon, Inc. v. Carson Products Co., 803 F.2d 676, 231 U.S.P.Q. 472 (Fed.Cir.1986)

‘There is ample competent evidence in the record to support [the trial court's] finding that [the] discussion [in a certain reference] of dehairing animal hides was reasonably pertinent to human hair treatments and was within the field of the inventor's endeavor.’

Finish Engineering Co., Inc. v. Zerpa Industries, Inc., 806 F.2d 1041, 1 U.S.P.Q.2d 1114 (Fed.Cir.1986)

‘The determination whether prior art is analogous involves some factual issues concerning whether the reference is within the field of the inventor's endeavor or reasonably pertinent to the particular problem with which the invention was involved.’

Panduit Corp. v. Dennison Mfg. Co., 810 F.2d 1561, 1 U.S.P.Q.2d 1593, 1597 n9 (Fed.Cir.1987)

‘Whether something legally within the prior art is ‘analogous’ is a fact question on ‘content’ of the prior art.’

[2] LEVEL OF ORDINARY SKILL

Kloster Speedsteel AB v. Crucible Inc., 793 F.2d 1565, 230 U.S.P.Q. 81 (Fed.Cir.1986)

(1) The district court's failure to make an express finding as to the level of skill in the art and its reliance on a finding that no one at ‘any level of skill’ regarded the patented combination as theoretically possible was not legal error requiring reversal of the judgment of validity of the patent in suit.

(2) ‘The primary value in the requirement that level of skill be found lies in its tendency to focus the mind of the decisionmaker away from what would presently be obvious to that decisionmaker

and toward what would, when the invention was made, have been obvious . . . ‘to one of ordinary skill in the art.’ This court has noted instances in which a particular level of skill finding did not improperly influence the ultimate conclusion under § 103. One such instance involved a determination that an invention would have been *obvious* to one of the *lowest* level of skill, i.e., that of a layman. . . . Another involved a determination that an invention would have been *nonobvious* to those of *extraordinary* skill, i.e. other inventors in the art.’
In re Kaplan, 789 F.2d 1574, 229 U.S.P.Q. 678 (Fed.Cir.1986)

Even if the obviousness (for double patenting purposes) of a variation on subject matter claimed in a prior patent is predicated on the *116 level of skill in the art, prior art evidence is still needed to show what that level of skill was.

Bausch & Lomb, Inc. v. Barnes-Hine/Hydrocurve, Inc., 796 F.2d 443, 230 U.S.P.Q. 416 (Fed.Cir.1986)

(1) The refusal of a co-inventor to join in a patent application on the ground that he saw nothing new in the invention should not be relied on heavily as showing obviousness. Since instances of inventors refusing to cooperate in obtaining issuance of a patent are common and may result from the self-interest of an inventor who has changed employment, machinery is provided under 37 C.F.R. Section 1.47 for dealing with such instances.

(2) While the educational level of the inventor is a factor in determining the level of ordinary skill in the art, it is by no means conclusive. The issue of obviousness is resolved not by reference to the actual inventor's knowledge and skill but rather by reference to the hypothetical person of ordinary skill who is presumed to be aware of all of the pertinent art.

In re Merck & Co., Inc., 800 F.2d 1091, 231 U.S.P.Q. 375 (Fed.Cir.1986)

‘[E]vidence of contemporaneous invention is probative of ‘the level of knowledge in the art at the time the invention was made.’

Custom Accessories, Inc. v. Jeffrey-Allan Industries, Inc., 807 F.2d 955, 1 U.S.P.Q.2d 1196 (Fed.Cir.1986)

(1) While failure to make a specific finding on the level of skill is not alone grounds for reversal of a district court finding of obviousness, such failure may be ‘evidence that *Graham* was not in fact applied.’

(2) Obviousness is determined by reference to a person of ordinary skill in the art-‘not to the judge, or to a layman, or to those skilled in remote arts, or to geniuses in the art.’

(3) ‘The person of ordinary skill is a hypothetical person who is presumed to be aware of all the pertinent prior art. The actual inventor's skill is not determinative. Factors that may be considered in determining level of skill include: type of problems encountered in art; prior art solutions to those problems; rapidity with which innovations are made; sophistication of the technology; and educational level of active workers in the field. Not all such factors may be present in every case, and one or more of them may predominate.’

[3] SECONDARY CONSIDERATIONS

Medtronic, Inc. v. Daig Corp., 789 F.2d 903, 229 U.S.P.Q. 664 (Fed.Cir.1986)

A finding by a German tribunal that a counterpart of a United States patent was for obvious subject matter should not be adopted since ‘the patent laws of the United States are the laws governing a determination of obviousness/nonobviousness of a United States patent in a federal court.’

Kloster Speedsteel AB v. Crucible Inc., 793 F.2d 1565, 230 U.S.P.Q. 81, 231 U.S.P.Q. 160 (Fed.Cir.1986)

Mere passage of time may not be enough to discredit nexus with commercial.

*117 *Medtronic Inc. v. Intermedics, Inc.*, 799 F.2d 734, 230 U.S.P.Q. 641 (Fed.Cir.1986)

(1) The absence of objective evidence, such as commercial success or fulfillment of a long-felt need, is ‘a neutral factor.’

(2) The payment of ‘at least one million dollars in monetary tribute’ did not rebut a *prima facie* case of obviousness created by two prior art references since ‘there was no evidence relating this tribute to the amounts of sales of the [patented] device or suggesting that any sales were due to the inclusion of the claimed features of the . . . patent.’

In re Merck & Co., Inc., 800 F.2d 1091, 231 U.S.P.Q. 375 (Fed.Cir.1986)

Evidence that four other groups of inventors independently and contemporaneously discovered the antidepressant properties of a certain chemical compound based on a knowledge of investigative techniques, including a certain theory (bioisosterism) as to the effect of certain chemical structural changes on biological properties, is evidence of the level of skill in the art at the time of the claimed invention (a method of using the compound as an antidepressant).

Hybritech Inc. v. Monoclonal Antibodies, Inc., 802 F.2d 1367, 231 U.S.P.Q. 81 (Fed.Cir.1986)

(1) Commercial success supported a conclusion of unobviousness as to a patent claiming an immunometric ‘sandwich’ assay with monoclonal antibodies. Competing with products from industry giants, the patentee's assays (diagnostic kits) within a few years became within a few years a market leader with 25% of the market.

(2) Evidence of advertising by the patentee did not show an absence of nexus between the commercial success and the merits of the claimed invention since (a) ‘this is not the kind of merchandise that can be sold by advertising hyperbole’, advertising serving primarily to make persons in the industry (such as hospitals, doctors and clinical laboratories) aware of the available product, and (b) the patentee's spending on marketing of 25-35% was not inordinate in view of the evidence that mature companies spent between 17% and 32%.

(3) That the claimed invention unexpectedly solved longstanding problems supported the conclusion of unobviousness.

(4) Evidence of development by others of the claimed technology after the patentee's date of invention is 'irrelevant for purposes of the hypothesis based on the three factual inquiries required by § 103 as interpreted by *Graham v. John Deere*.' '[S]imultaneous development may or may not be indicative of obviousness.' Evidence of developments by others carried little probative value since they were more than a year after the patent application filing date and two years after the conception date.

Custom Accessories, Inc. v. Jeffrey-Allan Industries, Inc., 807 F.2d 955, 1 U.S.P.Q.2d 1196 (Fed.Cir.1986)

(1) '[T]he absence of objective evidence does not preclude a holding of nonobviousness because such evidence is not a requirement for patentability.'

(2) 'Under *Graham*, objective evidence of nonobviousness includes commercial success, longfelt but unresolved need, failure of others, *118 and copying. When present, such objective evidence must be considered.'

Akzo N.V. v. U.S. Int'l Trade Comm'n, 808 F.2d 1471, 1 U.S.P.Q.2d 1241 (Fed.Cir.1986)

'Commercial success is . . . a strong factor favoring nonobviousness.'

Alco Standard Corp. v. Tennessee Valley Authority, 808 F.2d 1490, 1 U.S.P.Q.2d 1337 (Fed.Cir.1986)

While 'standing alone, the prior art provides significant support for the . . . contention that the . . . patent would have been obvious,' evidence of secondary considerations, including the solution of a long-felt need, served to "establish that [the] invention appearing to have been obvious in light of the prior art was not."

Panduit Corp. v. Dennison Mfg. Co., 810 F.2d 1561, 1 U.S.P.Q.2d 1593, 1599 (Fed.Cir.1987)

'This court's many judgments of patent invalidity show that § 282 and a requirement to consider all evidence do not unduly burden patent challengers. Nonobviousness evidence must be weighed along with closeness of the prior art and other evidentiary factors such as nexus with the claimed invention. . . .'

Truswal Systems Corp. v. Hydro-Air Engineering, Inc., 813 F.2d 1207, 2 U.S.P.Q.2d 1034 (Fed.Cir.1987)

The volume of sales of an allegedly infringing product by a company that is not a party to a patent infringement suit is discoverable by the patentee under Rule 26(c) of the Federal Rules of Civil Procedure. Such sales are relevant to the subject matter of the suit since they may establish commercial success of the patented invention. 'Since at least *Graham v. John Deere Co.*, . . . the commercial success of a patented invention is clearly important. That evidence is 'secondary' in time does not mean that it is secondary in importance.'

[4] TESTS OF OBVIOUSNESS

Polaroid Corp. v. Eastman Kodak Co., 789 F.2d 1556, 229 U.S.P.Q. 561 (Fed.Cir.1986)

‘The obviousness/nonobviousness question is not answerable by a judgment on the sole basis of what [the judge] thinks ‘ought’ to be patentable.’

Kloster Speedsteel AB v. Crucible Inc., 793 F.2d 1565, 230 U.S.P.Q. 81, 231 U.S.P.Q. 160 (Fed.Cir.1986)

That the inventor achieved the claimed invention by doing what those skilled in the art suggested should not be done is a fact strongly probative of nonobviousness.

Bausch & Lomb, Inc. v. Barnes-Hind/Hydrocurve, Inc., 796 F.2d 443, 230 U.S.P.Q. 416 (Fed.Cir.1986)

(1) In determining obviousness, the differences between the claimed subject matter as a whole and the prior art must be considered. It is error to focus on a distilled ‘gist’ or ‘core’ of the patented invention.

(2) A single line in a prior art reference should not be taken out of context and relied upon with the benefit of hindsight to show obviousness.*119 A reference should be considered as a whole, and portions arguing against or teaching away from the claimed invention must be considered.

Shiley, Inc. v. Bentley Laboratories, Inc., 794 F.2d 1561, 230 U.S.P.Q. 112 (Fed.Cir.1986)

(1) The jury was correctly instructed that the patentability of an invention does not depend on how the invention was made.

(2) The district court did not err in denying a motion for judgment *n.o.v.* to overturn the jury's verdict of nonobviousness even though the inventor was a mechanical engineer with no experience in the field of the patented invention (blood oxygenators) and immediately conceived the invention upon seeing a certain component.

In re Merck & Co., Inc., 800 F.2d 1091, 231 U.S.P.Q. 375 (Fed.Cir.1986)

(1) ‘Obviousness does not require absolute predictability . . . Only a reasonable expectation that the beneficial result will be achieved is necessary to show obviousness.’

(2) ‘Non-obviousness cannot be established by attacking references individually where the rejection is based upon the teachings of a combination of references.’

Hybritech Inc. v. Monoclonal Antibodies, Inc., 802 F.2d 1367, 231 U.S.P.Q. 81 (Fed.Cir.1986)

(1) ‘Focusing on the obviousness of substitutions and differences instead of on the invention as a whole . . . was a legally improper way to simplify the difficult determination of obviousness.’

(2) As to a patent claiming an immunometric ‘sandwich’ assay with monoclonal antibodies, ‘the large number of references, as a whole, relied upon by the district court to show obviousness, about twenty in number, skirt all around but do not as a whole suggest the claimed invention, which they must, to overcome the presumed validity.’

(3) That prior art references discussing the production of monoclonal antibodies may constitute ‘invitations to try monoclonal antibodies in immunoassays’ does not show obviousness since they

‘do not suggest how that end might be accomplished.’ The district court erred in invalidating the patent on the ground that it was ‘obvious to try’ monoclonal antibodies of a certain affinity in a sandwich immunoassay for detecting antigens.

Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F.2d 1565, 1 U.S.P.Q.2d 1081 (Fed.Cir.1986)

‘[T]he district court’s analysis employed an inappropriate ‘would have been able to produce’ test. The statute, § 103, requires much more, i.e., that it would have been *obvious* to produce the claimed invention at the time it was made without the benefit of hindsight.’

Carella v. Starlight Archery, 804 F.2d 135, 231 U.S.P.Q. 644 (Fed.Cir.1986)

‘Obviousness cannot be established by combining the teachings of the prior art to produce the claimed invention, absent some teaching, suggestion or incentive supporting the combination.’

*120 *Custom Accessories, Inc. v. Jeffrey-Allan Industries, Inc.*, 807 F.2d 955, 1 U.S.P.Q.2d 1196 (Fed.Cir.1986)

(1) ‘Casting an invention as ‘a combination of old elements’ leads improperly to an analysis of the claimed invention by the parts, not by the whole.’

(2) A finding that ‘an invention is an ‘improvement’ is not a prerequisite to patentability’ since it ‘is possible for an invention to be less effective than existing devices but nevertheless meet the statutory criteria for patentability.’

Panduit Corp. v. Dennison Mfg. Co., 810 F.2d 1561, 1 U.S.P.Q.2d 1593, 1600, 1602 (Fed.Cir.1987)

(1) ‘Nowhere in the statute or the Constitution is the patent system opened only to those who make complex inventions difficult for judges to understand and foreclosed to those who make less mysterious inventions a judge can understand after hearing . . . the inventor’s explanation and the engineering principles he employed.’

(2) ‘A level playing ground for the marketplace of ideas is as necessary for technological innovation as it is for politics and social policy.’

N.V. Akzo v. E. I. du Pont de Nemours & Co., 810 F.2d 1148, 1 U.S.P.Q.2d 1704 (Fed.Cir.1987)

In finding a patent invalid for obviousness, the district court did not apply an impermissible ‘obvious to try’ standard. The district court considered the references individually and as a whole and made findings on the level of skill and on secondary considerations.

[5] SPECIAL PROBLEMS

(a) Product and Process

Moleculon Research Corp. v. CBS, Inc., 793 F.2d 1261, 229 U.S.P.Q. 805 (Fed.Cir.1986)

The *Durden* case does not establish a *per se* rule that a method claim is invalid if it involves application of an old method to an obvious object. Thus, the trial court properly found that a patent claim to a method of restoring a cube puzzle by rotating pieces around an axis was not obvious in the light of a reference showing a spherical puzzle with eight pieces in which hemispheres of four pieces hemispheres may be rotated relative to each other around three mutually perpendicular axes, particularly as the inventor of that reference considered and dismissed a cube as a possible line of development.

(b) Designs

Pacific Furniture Mfg. Co. v. Preview Furniture Corp., 800 F.2d 1111, 231 U.S.P.Q. 67 (Fed.Cir.1986)

(1) The district court did not err in failing to find the patented design for an upholstered chair obvious over the combination of two of the patentee's prior art chair designs. That court noted numerous specific design differences between the two prior art designs and the design disclosed in the patent. Also, at least four of the differences were common to both prior art designs.

(2) Although the designer of the prior art chair designs admitted that the patented design 'was the result of an effort to give a *121 'loose-look' to [one of the prior art chair designs],' the district court 'in its discretion, was free to accord such weight to this evidence as it deemed proper in light of other credible evidence of record favoring [the patentee].'

In re Sung Nam Cho, 813 F.2d 378, 1 U.S.P.Q.2d 1662 (Fed.Cir.1987)

(1) 'The teachings of references can properly be combined in a design context if they are so related that the appearance of certain ornamental features in one reference would have suggested application of those features to another.'

(2) 'The relevant viewer for such suggestion is a designer of ordinary capability who designs articles of the type presented.'

(3) 'To support a rejection of a design patent application under 35 U.S.C. § 103, the teachings of references must be such as to have suggested the overall appearance of the claimed design.' 'Thus, if the combined teachings suggest only components of the claimed design but not its overall appearance, a rejection under section 103 is inappropriate.'

(4) The P.T.O. erred in rejecting the appellant's application for a patent on the design of a 'crown type' bottle cap. The design involved a central cylindrical depression with a flat bottom in the depression, the bottom surface having a score line forming a displaceable flap. While it may have been obvious, from a utility standpoint, to use cylindrical depressions in the caps and to include the flap within the depression to avoid unintended opening of the bottle, that did not make every

design of a cap with a depression and a recessed flap obvious. The prior art references showed wider depressions with the flap comprising the entire bottom, so that the score lines were not visible.

[6] PROOF OF OBVIOUSNESS

(a) Questions of Law and Fact

Polaroid Corp. v. Eastman Kodak Co., 789 F.2d 1556, 229 U.S.P.Q. 561 (Fed.Cir.1986)

While it is well settled that the ultimate conclusion on obviousness is a legal conclusion, that does not mean that an appellant may ‘re-try *de novo* the facts underlying the judgment on the § 103 issue.’

Glaros v. H. H. Robertson Co., 797 F.2d 1564, 230 U.S.P.Q. 393 (Fed.Cir.1986)

In reviewing a jury verdict on nonobviousness in the form of answers to interrogatories, the trial court need not enter its own findings and conclusions.

Medtronic Inc. v. Intermedics, Inc., 799 F.2d 734, 230 U.S.P.Q. 641 (Fed.Cir.1986)

Obviousness is a question of law. In reviewing a district court's refusal to grant judgment *n.o.v.*, it is the duty of the appellate court to be satisfied that the law has been correctly applied to the facts found.
DMI, Inc. v. Deere & Co., 802 F.2d 421, 231 U.S.P.Q. 276 (Fed.Cir.1986)

(1) The district court did not err in denying the patentee's motions for a judgment *n.o.v.* or a new trial as to the jury's verdict of invalidity of the patent claims on grounds of obviousness.

*122 (2) ‘While the jury . . . did not answer interrogatories or supply special verdicts specifically addressing [the *Graham v. John Deere Co.*] factual areas, its verdict . . . on obviousness must, in light of the instructions it received, be taken as establishing that the jury considered them.’

(3) ‘One who fails to tell his story convincingly to the jury may not correct that failure on appeal when his adversary has presented evidence on which a reasonable jury may reach the conclusion it did.’

Revlon, Inc. v. Carson Products Co., 803 F.2d 676, 231 U.S.P.Q. 472 (Fed.Cir.1986)

(1) ‘Obviousness is a legal conclusion based on the factual inquiries mandated in *Graham v. John Deere Co.*’

(2) ‘While [the trial judge] did not articulate his analysis with minute delineation of each claim limitation, there is sufficient articulation in his findings to illustrate a clear understanding of the claimed invention and to permit review.’

Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F.2d 1565, 1 U.S.P.Q.2d 1081 (Fed.Cir.1986)

The district court erred in granting a motion for judgment *n.o.v.* as to the jury's verdict of validity. There was substantial evidence presented at the trial to support the jury's findings in response to submitted questions that the claims of the patent in suit were 'not proved' to be invalid for obviousness. *Custom Accessories, Inc. v. Jeffrey-Allan Industries, Inc.*, 807 F.2d 955, 1 U.S.P.Q.2d 1196 (Fed.Cir.1986)

'Though the ultimate question is one of law, a determination of obviousness under section 103 is based on these factual inquiries set forth in *Graham v. John Deere Co.*: (a) the scope and content of the prior art; (b) the differences between the prior art and the claims at issue; (c) the level of ordinary skill in the art; and (d) objective evidence of nonobviousness.'

Panduit Corp. v. Dennison Mfg. Co., 810 F.2d 1561, 1 U.S.P.Q.2d 1593 (Fed.Cir.1987)

(1) 'A determination that an invention would have been obvious when it was made to one of ordinary skill in the art under § 103 is . . . a conclusion of law based on fact. The 'degree to which' it is one of fact is solely that degree required to erect a foundation of facts capable of supporting the conclusion, those facts having been found by applying correct legal standards and expressed in findings free from clear error and based on clear and convincing evidence.'

(2) Whether a patent or publication is in the prior art under 35 U.S.C. Section 102 is a legal question. 'Whether something legally within the prior art is 'analogous' is a fact question on 'content' of the prior art.'

(b) Presumption of Validity-Burden of Proof

Polaroid Corp. v. Eastman Kodak Co., 789 F.2d 1556, 229 U.S.P.Q. 561 (Fed.Cir.1986)

*123 (1) When a party attacking the validity of a patent relies on no prior art other than that considered by the P.T.O. examiner during the prosecution of the application leading to the patent, that party bears the added burden of overcoming the deference that is due to a qualified government agency presumed to have done its job.

(2) Patents in the class of art searched by the examiner are presumed to have been considered by him or her.

Kloster Speedsteel AB v. Crucible Inc., 793 F.2d 1565, 230 U.S.P.Q. 81, 231 U.S.P.Q. 160 (Fed.Cir.1986)

(1) The district court did not commit error in finding certain dependent claims of a patent valid despite the patentee's disclaimer of independent claims.

(2) The argument that greater weight should have been given to the disclaimer 'is based on conjecture respecting [the patentee's] reasons for the disclaimer (i.e. that [the patentee] recognized invalidity of those claims)' and 'ignores the statutory provision that each claim must be separately presumed valid.'

Bausch & Lomb, Inc. v. Barnes-Hind/Hydrocurve, Inc., 796 F.2d 443, 230 U.S.P.Q. 416 (Fed.Cir.1986)

The district court erred by holding all of the claims of the patent in suit invalid for obviousness without referring to the presumption of validity and considering separately the validity of the three claims at issue.

Glaros v. H. H. Robertson Co., 797 F.2d 1564, 230 U.S.P.Q. 393 (Fed.Cir.1986)

Under the statutory presumption of validity, 35 U.S.C. Section 282, the claims of a patent must be separately and independently considered. Thus, there is nothing inappropriate in having a summary judgment of invalidity of two claims of a patent and a judgment based on a jury verdict that a third claim is not invalid.

Medtronic Inc. v. Intermedics, Inc., 799 F.2d 734, 230 U.S.P.Q. 641 (Fed.Cir.1986)

A jury instruction that the burden of proving invalidity of a patent was 'clear and convincing' evidence unless the jury found the art cited in the litigation to be more pertinent than that cited to the P.T.O. in which case the burden was a preponderance of evidence was erroneous. The burden of proof by clear and convincing evidence is permanent and does not change.

Surface Technology, Inc. v. U.S.I.T.C., 801 F.2d 1336, 231 U.S.P.Q. 192 (Fed.Cir.1986)

(1) Claims in a patent may be found invalid even though no prior art more pertinent than that considered by the P.T.O. is presented.

(2) During a 'tortuous and laborious prosecution,' which included an original prosecution in which a rejected claim was erroneously printed in the patent, a reissue, and a reexamination, claims were allowed after rejection based on the prior art only on submission of certain affidavits. The testimony of the affiants raised questions as to *124 their credibility and as to their understanding of the legal term 'obvious.'

DMI, Inc. v. Deere & Co., 802 F.2d 421, 231 U.S.P.Q. 276 (Fed.Cir.1986)

'Under 35 U.S.C. § 282, a patent is presumed valid. That presumption is a procedural device, not substantive law. The party challenging validity has the burden of persuading the decision-maker that the patent can no longer be accepted as valid.'

Hybritech Inc. v. Monoclonal Antibodies, Inc., 802 F.2d 1367, 231 U.S.P.Q. 81 (Fed.Cir.1986)

'Notwithstanding that the introduction of prior art not before the examiner may facilitate the challenger's meeting the burden of proof on invalidity, the presumption remains intact and on the challenger through the litigation, and the clear and convincing standard does not change.'

Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F.2d 1565, 1 U.S.P.Q.2d 1081 (Fed.Cir.1986)

'[P]atentees have historically sought to 'go first' with testimony on validity, on the empirically unproven premise that a favorable 'first impression' of the merits of the invention will carry through to victory. Courts and alleged infringers have acquiesced in the practice. The resulting erroneous but clear impression that patentees bear a burden of 'proving validity' has frequently resulted in cluttered records, irrelevant detours, undue burdens on the judicial process, and unnecessary work for the trial court.' '[A] jury or a court may reach a conclusion that a patent remains valid *solely* on the failure of the patent challenger's evidence to convincingly establish the contrary.'

Custom Accessories, Inc. v. Jeffrey-Allan Industries, Inc., 807 F.2d 955, 1 U.S.P.Q.2d 1196

(Fed.Cir.1986)

The burden of proving the unpatentability of claims in a patent is made heavier when the patent has survived a reissue or reexamination proceeding in the P.T.O. in light of the same prior art presented to the district court.

Kaufman Company, Inc. v. Lantech, Inc., 807 F.2d 970, 1 U.S.P.Q.2d 1202 (Fed.Cir.1986)

‘Where prior art not considered by the examiner is introduced at trial, the challenger’s sustaining of the burden of proof may be facilitated, but the presumption remains the same and the burden remains on the challenger throughout the litigation.’

N.V. Akzo v. E. I. du Pont de Nemours & Co., 810 F.2d 1148 1 U.S.P.Q.2d 1704 (Fed.Cir.1987)

(1) In finding a patent on a process for the manufacture of highstrength, low-density synthetic aramid fibers invalid for obviousness, the district court did not err or merely give ‘lip service to the § 282 presumption of validity.’

(2) All of the claims of the patent provided that a material used contain ‘at least 5% by weight calcium chloride salt,’ and the applicants’ assignee represented that the limitation was critical to distinguish the prior art. The district court found that (a) the 5% limitation was not critical, (b) the assignee knew that a commercial fiber could be *125 made with less than 5% by weight of calcium chloride salt, and (c) neither the examiner nor any other reasonable examiner would have permitted the patent to issue had it not been for the misrepresentation.

(3) The district court did not err in failing to address each claim separately. Since each claim contained the 5% limitation found to be not critical, the basis for rejecting the broadest claim would have applied to all of the claims. The patentee’s expert made no distinctions between the claims.

(a) Examination-*Prima Facie* Obviousness

In re Deminski 796 F.2d 436, 230 U.S.P.Q. 313 (Fed.Cir.1986)

(1) A P.T.O. rejection for obviousness is improper when there is nothing in the cited prior art references, either singly or in combination, to suggest the desirability of the claimed subject matter.

(2) That the construction in a particular prior art reference would have resulted in the claimed combination had it followed the ‘common practice’ of attaching certain parts does not show obviousness at the time of the invention but rather reflects improper hindsight analysis and the reading into the art of the applicant’s own teachings.

In re Merck & Co., Inc., 800 F.2d 1091, 231 U.S.P.Q. 375 (Fed.Cir.1986)

(1) A claim to a method of treating human mental disorders involving depression by the application of amitriptyline was *prima facie* obvious in view of the prior art. Such obviousness was not rebutted by evidence of unexpected advantages.

(2) The P.T.O. properly found *prima facie* obviousness based on prior art disclosures that:

- (a) amitriptyline possessed properties such as a sedative (but not as an anti-depressive);
- (b) imipramine, a tricyclic compound that differed from amitriptyline only in the replacement of the unsaturated carbon atom in the center ring with a nitrogen atom, was an effective antidepressive;
- (c) the theory of 'bioisosterism', a tool for predicting the properties of compounds, suggested that the biological activity of compounds would not be changed by the substitution of atoms or groups of atoms having similar size, shape and electron density;
- (d) the substitution of nitrogen and an unsaturated carbon in the center ring of other similar tricyclic structures did not affect pharmacological properties; and
- (e) a research report by a company related the results of animal tests comparing the pharmacological properties of amitriptyline and imipramine and suggested that clinical testing of amitriptyline for depression alleviation should be conducted.

(3) While '[s]tructural similarity, alone, may be sufficient to give rise to an expectation that compounds similar in structure will have similar properties,' the P.T.O. did not rest its conclusion of obviousness on structural similarity alone. The teachings of the prior art provided a 'sufficient basis for the required expectation of success, without resort to hindsight.' Furthermore, the P.T.O. did not apply an impermissible 'obvious to try' standard.

*126 (4) 'Obviousness does not require absolute predictability . . . Only a reasonable expectation that the beneficial result will be achieved is necessary to show obviousness.'

(5) As to evidence that amitriptyline had a more potent sedative and a stronger anticholinergic effect than imipramine and that depressed patients have responded differently to the two compounds, it appeared that the difference in properties between the two compounds, 'is a matter of degree rather than kind.' Furthermore, both compounds showed only a slight difference in terms of sedative effects.

(6) 'In the absence of evidence to show that the properties of the compounds differed in such an appreciable degree that the difference was really unexpected, [the Board did not err] in its determination that appellant's evidence was insufficient to rebut the prima facie case.'

(d) Summary Judgment

Finish Engineering Co., Inc. v. Zerpa Industries, Inc., 806 F.2d 1041, 1 U.S.P.Q.2d 1114 (Fed.Cir.1986)

Summary judgment of invalidity for obviousness was improper. The patentee established the existence of disputed material factual issues on (1) whether a certain reference was nonanalogous art, (2) whether there was a nexus between the commercial success of an apparatus and the merits

of the claimed invention, and (3) copying and failure of others to solve the problem to which the claimed invention is addressed. A statement by the examiner in the prosecution history of the patent that the reference was not analogous was sufficient to raise a genuine issue of material fact.

F. DATE OF INVENTION-PRIORITY

[1] CONCEPTION-REDUCTION TO PRACTICE-DILIGENCE-ABANDONMENT, SUPPRESSION, AND CONCEALMENT

In re Brigance, 792 F.2d 1103, 229 U.S.P.Q. 988 (Fed.Cir.1986)

As to a method and apparatus for evaluating and recording student skill levels, which used a certain inventory, a *prima facie* case of reduction to practice of the claimed invention was established by the preparation of (1) a brochure and memoranda describing and touting the method and (2) 2500 reproductions of a typewritten model of the inventory.

Paulik v. Rizkalla, 796 F.2d 456, 230 U.S.P.Q. 434 (Fed.Cir.1986)

The rule that an inventor who has abandoned, suppressed, or concealed an invention after a reduction to practice may rely on a later resumption of activity on the invention for priority purposes does not mean that the inventor is in the same position as if he had never achieved such actual reduction to practice. While the inventor may not rely on that reduction to practice as establishing priority as of that date, he may still rely upon such reduction to practice as evidence of possession of the completed invention.

Hybritech Inc. v. Monoclonal Antibodies, Inc., 802 F.2d 1367, 231 U.S.P.Q. 81 (Fed.Cir.1986)

*127 (1) ‘Conception is the ‘formation in the mind of the inventor, of a definite and permanent idea of the complete and operative invention, as it is hereafter to be applied in practice.’

(2) As to a patent claiming a ‘sandwich assay’ using monoclonal antibodies that called for using antibodies with a certain antigen affinity (‘at least about 10⁸ liters/mole’), the patentee showed a pre-filing date of invention based on conception followed by diligence and reduction to practice so as to avoid four references before the filing date.

(3) Conception was adequately shown even though (a) the notebooks of the inventors did not expressly state the liters/mole limitation and (b) certain notebook pages were not witnessed until later when a person more sensitive to patent matters joined the company.

(4) The patentee's ‘claim of conception, generally, is evidenced by the sometimes sparsely documented work of a start-up company whose first small advances evolved into the myriad activities of a mature company with efforts directed toward developing the claimed invention by first employing the Kohler and Milstein technology to produce the necessary monoclonal antibodies and using those antibodies in diagnostic sandwich assay kits.’

(5) The testimony of the officials of the patentee indicated that ‘the screening procedures used . . .

ensured that only monoclonal antibodies having at least 10⁸ liters/mole would be used in assays.’

(6) ‘Under a reasoned analysis and evaluation Hybritech, within a reasonable time [after the contemporaneous entry of facts on research] prudently had researchers other than those who performed the particular experiments witness the notebooks in response to [a new executive's] advice.’

Bey v. Kollonitsch, 806 F.2d 1024, 231 U.S.P.Q. 967 (Fed.Cir.1986)

(1) The Board erred in denying priority to the junior party in an interference for want of proof of diligence during the 41 day critical period (from the senior party's filing date to that of the junior party) when:

(a) disclosures (which ultimately resulted in 22 patent applications) relating to irreversible enzyme inhibitors developed by a small group of researchers in France were assigned to a single experienced pharmaceutical patent attorney,

(b) assignment to a single attorney was reasonable in order to reduce duplication of effort and travel and achieve an overall savings in time and expense,

(c) there were substantial interrelationships among the applications in chemistry, structure, utility and inventorship; and

(d) there was corroborated evidence that the attorney worked on the related applications almost every working day in the critical period.

(2) To comply with the requirement of diligence in working toward constructive reduction to practice by filing a patent application of a conceived invention, the patent attorney to whom the inventor's disclosure is given need not drop all other cases. The attorney need only show reasonable diligence in taking up the cases on his or her docket.

*128 (3) If the cases are *unrelated*, the patent attorney must show that the cases were taken up in chronological order. If the cases are *related*, the attorney need not make such a showing. Work on another related case will be credited toward reasonable diligence if the work on the related case contributes substantially to the ultimate preparation and filing of the involved application.

(4) ‘In priority determinations, the inventor should not be penalized because his attorney reasonably prepared the closely related applications together, thereby *expediting* the filing of the applications and the prompt disclosure to the public of the closely related inventions contained therein.’

(5) To have the benefit of the ‘related case’ doctrine, the inventor and attorney need not show that all of the cases were on the docket at the same time or were filed on the same date or that the cases “*had* to be worked on as an integrated whole.”

APPLICATION-INTERFERENCE-IN-FACT

In re Kroekel, 803 F.2d 705, 231 U.S.P.Q. 640 (Fed.Cir.1986)

“The purpose of the count is to determine what evidence is relevant to the issue of priority.” ‘The phantom count merely represents the inventive concept which may in some cases portray two mutually exclusive, but patentably indistinct, sets of claims.’

[3] STOPPEL-LOST COUNTS

In re Kroekel, 803 F.2d 705, 231 U.S.P.Q. 640 (Fed.Cir.1986)

(1) An applicant is barred by interference stoppel from obtaining a claim that is generic to a phantom count in a prior interference in which the applicant was the losing party. The applicant never attempted to broaden the count in the interference to conform to his current claim. Thus, the examiner properly rejected the claim as not patentably distinct from the lost count even though the applicant presented a Rule 131 affidavit purporting to show a date of invention of the generic invention prior to the date established by the prevailing party in the interference as to the phantom count. Since the generic claim would be anticipated by the count, which is a species or subgenus of that claim, the claim is not patentably distinct.

(2) ‘The doctrine of interference estoppel is directed to finality of an interference, at least with respect to all issues which *might have been* presented in the interference.’

(3) ‘Estoppel should be decided on the facts of each case with reference to principles of equity.’

(4) The applicant's argument that the other party's application would not have supported a generic claim and that therefore a motion in the interference to broaden the count to conform to the generic claim would have been futile is without merit. A phantom count might have been adopted even though it lacked support in one or both of the parties' applications.

(5) In the original declaration of the interference, the P.T.O. indicated that the current generic claim would be deemed unpatentable in *129 the event of an award of priority adverse to the applicant. Though the application was subsequently ‘re-declared’ after an alteration of the count without a repeat of the warning, the applicant ‘should have inquired as to the status of the warning notice, particularly if he believed it was a mistake or that his claims were patentably distinct from the substituted count.’

[4] PROCEDURE, JURISDICTION AND REVIEW

Paulik v. Rizkalla, 796 F.2d 456, 230 U.S.P.Q. 434 (Fed.Cir.1986)

The Board of Patent Interferences erred in failing to allow the parties to introduce evidence relevant to the issues after the court remanded the matter in the light of a newly-recognized legal principle on priority of invention (to wit, that an inventor who abandons, suppresses or conceals an invention after reducing it to practice but thereafter resumes activity on that invention may rely on the date of resumption for priority purposes and prevail if that date is prior to the other party).

G. DOUBLE PATENTING-TERMINAL DISCLAIMERS

In re Kaplan, 789 F.2d 1574, 229 U.S.P.Q. 678 (Fed.Cir.1986)

(1) That a claim in a second patent or patent application ‘dominates’ subject matter claimed in a first patent does not, by itself, give rise to double patenting.

(2) To establish ‘obviousness-type’ double patenting as to an attempt to obtain a patent on a variation of an invention claimed in a prior patent, there must be some clear evidence to establish why the variation would have been obvious. The evidence must relate to material that qualifies as ‘prior art.’

(3) A double patenting rejection of a patent application claim by an inventor (A) to an improvement in a process of making certain alkane diols and triols, the improvement comprising reacting certain elements in the presence of a ‘solvent mixture of tetraglyme and sulfolane’, was not properly rejected on double patenting grounds in view of a prior patent to join inventors (A and B) to the process of making alkane polyols (diols and triols) in the presence of an ‘organic solvent.’ While an example in the prior patent showed a mixture of tetraglyme and sulfolane as the organic solvent, that example was not prior art for determining obviousness-type double patenting. The example was the work of the subsequent applicant (A) and was disclosed in the specification of the prior patent as part of the ‘best mode’ of practicing the claimed invention.

H. ORIGINALITY-INVENTORSHIP

In re Kaplan, 789 F.2d 1574, 229 U.S.P.Q. 678 (Fed.Cir.1986)

A sole inventor and joint inventors including the sole inventor are separate ‘legal entities.’

II. SPECIFICATION AND CLAIMS-35 U.S.C. SECTION 112

A. ENABLEMENT REQUIREMENT

Moleculon Research Corp. v. CBS, Inc., 793 F.2d 1261, 229 U.S.P.Q. 805 (Fed.Cir.1986)

*130 The specification of a patent claiming a method of solving a cube puzzle was sufficiently

enabling even though it did not teach how to derive the particular series of moves necessary for solving the puzzle.

Hybritech Inc. v. Monoclonal Antibodies, Inc., 802 F.2d 1367, 231 U.S.P.Q. 81 (Fed.Cir.1986)

(1) Enablement 'is not precluded even if some experimentation is necessary, although the amount of experimentation needed must not be unduly extensive.'

(2) Enablement is determined as of the filing date.

(3) '[A] patent need not teach, and preferably omits, what is well known in the art.'

(4) As to a patent claiming an immunometric assay in which a ternary complex of two monoclonal antibodies and an antigen form a 'sandwich', the antibodies having an affinity for the antigen of at least about 10⁸ liters/mole, the trial court erred in finding a lack of enablement for failure to set forth the methods of making monoclonal antibodies and of screening for proper antibodies. The evidence indicated that both methods were known to persons skilled in the art.

Paperless Accounting, Inc. v. Bay Area Rapid Transit Sys., 804 F.2d 659, 231 U.S.P.Q. 649 (Fed.Cir.1986)

(1) 'A patent applicant need not include in the specification that which is already known to and available to the public.'

(2) 'The issue of support for claims in the specification as required by § 112 is a question of law, . . . but it is dependent on underlying factual and legal findings . . .'

Alco Standard Corp. v. Tennessee Valley Authority, 808 F.2d 1490, 1 U.S.P.Q.2d 1337 (Fed.Cir.1986)

The district court did not err in finding that the patent specification adequately taught a person of ordinary skill in the art how to carry out the claimed invention relating to inspection of turbine rotors in electrical generators by the use of ultrasonic waves to detect discontinuities, including how to perform the claim elements of 'correlating' and 'combining' certain information.

B. DESCRIPTION REQUIREMENT

Rolls-Royce Ltd. v. GTE Valeron Corp., 800 F.2d 1101, 231 U.S.P.Q. 185 (Fed.Cir.1986)

The accused infringer's assertion that the broad claims in the patent in suit are unsupported by the patent's specification is without merit. The infringer's reliance on *Foster Wheeler Corp. v. Babcock & Wilcox Co.*, 512 F.Supp. 792, 210 U.S.P.Q. 232 (S.D.N.Y.1981), is misplaced since, in that case, the specification of the patent specifically identified the accused infringing device and stated that the claimed invention solved problems associated with that device.

Alco Standard Corp. v. Tennessee Valley Authority, 808 F.2d 1490, 1 U.S.P.Q.2d 1337 (Fed.Cir.1986)

The district court did not err in finding that the patent specification adequately described the

claimed invention.

*131 C. BEST MODE REQUIREMENT

In re Kaplan, 789 F.2d 1574, 229 U.S.P.Q. 678 (Fed.Cir.1986)

An example included in the specification of a patent application by one inventive entity (e.g. persons A and B) may represent the work of another inventive entity (e.g. person A) and may be disclosed only in order to fulfill the statutory requirement that a patent applicant disclose the 'best mode' contemplated for carrying out his invention.

Hybritech Inc. v. Monoclonal Antibodies, Inc., 802 F.2d 1367, 231 U.S.P.Q. 81 (Fed.Cir.1986)

(1) 'Because not complying with the best mode requirement amounts to concealing the preferred mode contemplated by the applicant at the time of filing, in order to find that the best mode requirement is not satisfied, it must be shown that the applicant knew of and concealed a better mode than he disclosed.'

(2) Evidence that screening methods used to identify monoclonal antibodies with necessary characteristics (such as affinity, i.e. ability to bind with a particular antigen) is labor-intensive, time-consuming, and carried out by sophisticated persons does not show concealment of a best mode for screening or producing monoclonal antibodies.

D. CLAIMS

[1] DEFINITENESS

Hybritech Inc. v. Monoclonal Antibodies, Inc., 802 F.2d 1367, 231 U.S.P.Q. 81 (Fed.Cir.1986)

(1) Claims need only 'reasonably apprise those skilled in the art' as to their scope and be 'as precise as the subject matter permits.'

(2) The trial court erred in holding impermissibly indefinite claims to a 'sandwich assay' using monoclonal antibodies on the ground that the claims call for a certain antibody affinity ('at least about 108 liters/mole') and such affinity cannot be estimated with consistency. The record showed that calculating affinity was known in the art. The claims were sufficiently definite even though such calculations were not precise and even assuming that the trial court did not err in finding that there is 'no standard set of experimental conditions which are used to estimate affinities.'

Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F.2d 1565, 1 U.S.P.Q.2d 1081 (Fed.Cir.1986)

(1) A claim need not 'describe' the invention, such description being the role of the disclosure portion of the specification.

(2) A claim limitation specifying that a certain part of a pediatric wheelchair be ‘*so dimensioned*’ as to be insertable through the space between the doorframe of an automobile and one of the seats’ is not impermissibly indefinite. ‘The phrase ‘*so dimensioned*’ is as accurate as the subject matter permits, automobiles being of various sizes.’ ‘As long as those of ordinary skill in the art realized that the dimensions could be easily obtained, § 112, 2d p requires nothing more. The patent law does not require that all possible lengths corresponding to the spaces in hundreds of different automobiles be listed in the patent, let alone that they be listed in the claims.’

*132 (3) ‘Compliance with the second paragraph of § 112 is generally a question of law.’
Slimfold Manufacturing Co., Inc. v. Kinkead Industries, Inc., 810 F.2d 1113, 1 U.S.P.Q.2d 1563 (Fed.Cir.1987)

“The specification and claims of a patent . . . constitute one of the most difficult legal instruments to draw with accuracy.”

[2] PREAMBLE, TRANSITION AND ELEMENTS

Moleculon Research Corp. v. CBS, Inc., 793 F.2d 1261, 229 U.S.P.Q. 805 (Fed.Cir.1986)

When used in a transitional phrase, the word ‘*comprising*’ is a term of art and means that the claim does not exclude additional, unrecited elements. However, when such a term is used other than in a transition, it is subject to normal interpretative rules and may mean ‘*having rather than having at least.*’

Mannesmann Demag Corp. v. Engineered Metal Products Co., Inc., 793 F.2d 1279, 230 U.S.P.Q. 45 (Fed.Cir.1986)

When the phrase ‘*consisting of*’ appears in one clause of the patent, rather than in the preamble, it limits only the element set forth in that clause. The phrase does not exclude all other elements from the claim as a whole.

III. PROSECUTION-PROCEDURES IN THE PATENT AND TRADEMARK OFFICE

A. CONTINUATION APPLICATIONS-35 U.S.C. SECTION 120

Paperless Accounting, Inc. v. Bay Area Rapid Transit Sys., 804 F.2d 659, 231 U.S.P.Q. 649 (Fed.Cir.1986)

(1) The filing of a continuation-in-part application (‘*c-i-p*’) that added text to the specification of a parent application (‘*parent*’) did not constitute a binding admission that the parent did not support the claims in the patent issuing on the *c-i-p* when the examiner withdrew a previous Section 112 rejection of the claims of the parent that were carried forward in the *c-i-p*. The applicant did not

acquiesce in the examiner's initial Section 112 rejection during the prosecution of the parent since that rejection, not forming the basis of the final rejection, could not have been appealed.

(2) 'The filing of a continuation-in-part, in and of itself, is not an admission of the correctness of a rejection. Law and policy liberally authorize the filing of c-i-p applications for a number of reasons, whether to enlarge the disclosure to include new technological information, thereby providing the public with knowledge of recent developments or improvements; or to enable more extensive prosecution or improved draftsmanship of specification or claims; or to provide a vehicle for prosecution of non-elected claims. In those cases where a continuation-in-part application contains claims which depend upon an enlarged disclosure for support, that must of course be considered when it is required to establish dates of compliance with 35 U.S.C. § 112. But the mere filing of a continuation-in-part with additional matter or revised claims is not of itself an admission that the matter is *133 'new' or that the original application was legally insufficient to support the claims.'

B. REISSUE-35 U.S.C. SECTIONS 251-252

In re Jerabek, 789 F.2d 886, 229 U.S.P.Q. 530 (Fed.Cir.1986)

As to a decision by the P.T.O. Board rejecting all claims in two related reissue patent applications because of inequitable conduct in connection with the original prosecution of the patents, the court need not decide whether the Board decision was an 'advisory opinion' as to one of the patents, in which no claim had been amended. Since the court would affirm the finding of inequitable conduct, the decision would stand whether or not it was advisory.

In re Weiler, 790 F.2d 1576, 229 U.S.P.Q. 673 (Fed.Cir.1986)

(1) While the reissue statute is remedial in nature and should be construed liberally, 'not every event or circumstance that might be labeled 'error' is correctable by reissue.'

(2) When (a) the specification as originally filed claimed three types of subject matter (an assay method, an organic compound, and a protein compound), (b) in response to a restriction requirement, the applicant elected the first type and obtained a patent thereon, and (c) the applicant failed to file a timely divisional application, there is no 'error' such as will support a reissue application that seeks to claim two other types of subject matter (a method of developing citrus fruit strains and an antibody) despite the existence of some disclosure support for those types in the specification.

(3) 'One cannot assert error in failing to claim that which was not disclosed at all, or that which was not so disclosed as to indicate that the inventor was possessed of the invention as it is being claimed in the reissue.'

(4) Compliance with the disclosure requirements of Section 112 is a threshold consideration but does not establish error.

(5) The 'intent to claim' language in prior Supreme Court cases 'is but judicial shorthand, signifying a means of measuring whether the statutorily required error is present.'

(6) Just as it is not 'error' to forego divisional applications on the subject matter of nonelected claims, it is not error to forego divisional applications on subject matter to which claims had never been made.

(7) Allegations of the inventor's ignorance of patent claim drafting techniques and of patent counsel's ignorance of the invention are unavailing since such allegations 'could be frequently made, and, if accepted as establishing error, would require the grant of reissues on anything and everything mentioned in a disclosure.'

Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F.2d 1565, 1 U.S.P.Q.2d 1081 (Fed.Cir.1986)

(1) A reissue oath stating that the inventor believed the original patent 'to be wholly inoperative or invalid' because certain claims 'are unpatentable over' a certain prior art reference is 'not . . . a 'binding admission' of anticipation.'

*134 (2) The trial court erred in applying the claims of the original patent as prior art in determining the patentability of the reissue claims.

In re Keil, 808 F.2d 830, 1 U.S.P.Q.2d 1427 (Fed.Cir.1987)

An application for reissue of a patent, filed for the purpose of provoking an interference with another patent and alleging, essentially, that the P.T.O. committed error by failing to declare an interference when the applications leading to the issuance of the two patents were copending, must be dismissed since no change in the specification or claims was sought. The application was 'merely a request for an advisory opinion' and beyond the jurisdiction of an Article III court.
Slimfold Manufacturing Co., Inc. v. Kinkead Industries, Inc., 810 F.2d 1113, 1 U.S.P.Q.2d 1563 (Fed.Cir.1987)

(1) As to the requirement of 35 U.S.C. Section 282 that the right to recover for pre-reissue infringement extends only to claims in the reissue that are 'identical' to those in the original patent, 'identical' does not exclude 'minor word changes.'

(2) '[I]t is the scope of the claims that must be identical, not that the identical words must be used.'

(3) 'The standard applied is that of whether a particular change to the claims is substantive, such that the scope of the claims is no longer substantially identical.'

(4) An amendment to a claim adding the phrase 'a collar on said sleeve' to provide an antecedent basis to the later phrase 'adjacent said collar' was not substantive even though it was made at the insistence of the examiner and in response to a Section 112 indefiniteness rejection.

(5) 'The courts have determined whether a change is substantive upon the facts of each case, without reliance on the motives or the correctness of the motives of either the patent examiner or

the applicant.’

Howes v. Medical Components, Inc., 814 F.2d 638, 2 U.S.P.Q.2d 1271 (Fed.Cir.1987)

In a suit for infringement of a claim in a reissue application that was identical to a claim in the original patent, ‘whether the suit is denominated as for infringement of the original claim or of the identical reissue claim, it is still necessary to look at the prosecution history of the reissue in order to construe the disputed claim.’

C. REEXAMINATION-35 U.S.C. SECTIONS 301-307

Moleculon Research Corp. v. CBS, Inc., 793 F.2d 1261, 229 U.S.P.Q. 805 (Fed.Cir.1986)

Statements by a patent owner in a citation of prior art under 35 U.S.C. § 301 are part of the official file of the patent and should be considered for claim interpretation purposes. However, such statements may be self-serving and entitled to little weight.

In re Queener, 796 F.2d 461, 230 U.S.P.Q. 438 (Fed.Cir.1986)

A claim in a patent that is of sufficient breadth that it can be read on the disclosure of a prior art reference must be rejected in a statutory reexamination. The court need not address other matters, *135 including those pertaining to whether or when an element in a claim drafted in the means-plus-function format permitted by 35 U.S.C. Section 112 may be so construed as to avoid a prior art reference during P.T.O. examination of that claim.

Custom Accessories, Inc. v. Jeffrey-Allan Industries, Inc., 807 F.2d 955, 1 U.S.P.Q.2d 1196 (Fed.Cir.1986)

The district court erred by failing to give credence to the P.T.O. reexamination proceeding, which upheld the validity of the patent claims at issue despite the presence of much the same art as was presented to the district court.

Kaufman Company, Inc. v. Lantech, Inc., 807 F.2d 970, 1 U.S.P.Q.2d 1202 (Fed.Cir.1986)

(1) Claims amended during a reexamination do not lose their retroactive effect to the original patent issuance date if the amendments do not make a ‘substantive change’ in the scope of the claims.

(2) ‘Where . . . the patent in suit has been reexamined under 35 U.S.C. 301-307, the presumption of validity . . . remains unaltered.’

Joy Manufacturing Co. v. National Mine Service Co., 810 F.2d 1127, 1 U.S.P.Q.2d 1627, 1629 (Fed.Cir.1987)

(1) A request for reexamination by a party to a settlement agreement did not breach the provision of the agreement that the party not file any ‘suit’ in ‘court’ contesting the validity of the patent. Reexamination and civil litigation are ‘distinctly different proceedings.’

(2) The relief sought by the other party-an injunction stopping the reexamination-would be unavailable since the decision of the Commissioner to institute reexamination ‘is not subject to review’ and an injunction directed against the requesting party ‘would have no effect on reexamination since [the requestor] has no future role to play in that *ex parte* proceeding.’

D. NEW MATTER

Paperless Accounting, Inc. v. Bay Area Rapid Transit Sys., 804 F.2d 659, 231 U.S.P.Q. 649 (Fed.Cir.1986)

'[I]n examining [the patentee's parent application], the examiner had invited [the applicant] to refer to published circuits and commercially available times that performed the function of [the applicant's] boxes. Such added subject matter, to the extent that is not 'new matter', does not deprive the [applicant's subsequent continuation-in-part application] of the original filing date.'

E. OTHER PROCEDURES AND REQUIREMENTS

Paperless Accounting, Inc. v. Bay Area Rapid Transit Sys., 804 F.2d 659, 231 U.S.P.Q. 649 (Fed.Cir.1986)

Under P.T.O. practice, as stated in the *Manual of Patent Examining Procedure*, which is 'an operating manual that 'describe[s] procedures on which the public can rely'', a requirement or rejection in a prior Office action, such as one for insufficient disclosure, is withdrawn if the examiner does not repeat or refer to that requirement or rejection.

*136 IV. INEQUITABLE CONDUCT

A. MATERIALITY

In re Jerabek, 789 F.2d 886, 229 U.S.P.Q. 530 (Fed.Cir.1986)

(1) The starting point for determining the materiality of a nondisclosed prior art patent is the P.T.O. standard of whether there is 'a substantial likelihood that a reasonable examiner would have considered the nondisclosed information important in deciding whether to allow the application to issue as a patent.'

(2) Rejection of the patent claims during a reissue in light of the nondisclosed prior art is 'plainly of strong probative value on the materiality' of that reference. Also, the applicant's counsel continually noted during the original prosecution that none of the prior art cited taught a certain combination that was disclosed in the uncited reference.

Shiley, Inc. v. Bentley Laboratories, Inc., 794 F.2d 1561, 230 U.S.P.Q. 112 (Fed.Cir.1986)

Substantial evidence in the record supports the jury determination that the patent applicant made no omission or misrepresentation of material information during the prosecution in the P.T.O. of the application that led to the patent in suit.

A.B. Dick Co. v. Burroughs Corp., 798 F.2d 1392, 230 U.S.P.Q. 849 (Fed.Cir.1986)

(1) References not cited to an examiner were material when (a) claims in an application were

allowed, (b) after a delay caused by an interference, the examiner rejected the claims after discovering those references, and (c) the claims were allowed after amendment.

(2) The patentee's contention that the stated purpose of the amendments was only to 'more clearly bring out the novel features of applicant's invention' is unpersuasive: 'Language such as this is gratuitous and virtually meaningless, as an amendment for any other reason would lack purpose.'

(3) The test for materiality 'is *not* whether there is anticipation or obviousness but, rather, what a 'reasonable examiner would consider [the reference] . . . important in deciding whether to allow the application to issue as a patent.'

(4) Rejection by the examiner of the claims, leading to amendments, shows materiality. 'Although . . . a court will look to the reasonableness of a rejection in light of the [uncited] references, such analysis is unnecessary . . . where . . . the applicant has stated that he considers the references relevant and important and where an examiner (not demonstrated by [the patentee] to have been unreasonable) has considered the references 'important' enough to be used as a basis for rejections of previously allowed claims.'

Rolls-Royce Ltd. v. GTE Valeron Corp., 800 F.2d 1101, 231 U.S.P.Q. 85 (Fed.Cir.1986)

(1) The district court did not commit clear error in determining that (a) one publication ('reference M') that was not cited to the P.T.O. was no more material than a second publication ('reference A') that was *137 cited late in the prosecution of the application for the patent in suit; and (b) both references M and A were merely cumulative of prior art that was considered by the P.T.O.

(2) The appellant's assertion that reference M was more material than reference A is 'implausible' in view of its argument that the claim of the patent 'literally reads on' both references: 'If that were true, it would be difficult to argue any substantial difference in materiality.' The existence of some structural differences between reference M and reference A does not render M more material to the claim.

Pacific Furniture Mfg. Co. v. Preview Furniture Corp., 800 F.2d 1111, 231 U.S.P.Q. 67 (Fed.Cir.1986)

(1) The district court did not err in finding that two prior art chair designs not disclosed to the P.T.O. during the examination of the application for the patented design were not material to patentability.

(2) That one of the prior art designs was the 'starting point' for the patented design 'may be some evidence of materiality.' However, this evidence did not clearly and convincingly establish that that design would have been important to a decision on patentability by a reasonable P.T.O. examiner. Mere examination of the two undisclosed prior art designs did not provide the required proof of materiality since significant unobvious differences existed between the prior art designs and the patented design. Also, a patent application for one of the prior art designs was before the same examiner who considered the application leading to the patented design.

Carella v. Starlight Archery, 804 F.2d 135, 231 U.S.P.Q. 644 (Fed.Cir.1986)

The district court's finding that a reference was not material was not clearly erroneous in view of

the fact that the reference neither anticipated nor, in combination with other references, rendered obvious the claims in the patent.

Akzo N.V. v. U.S. Int'l Trade Comm'n, 808 F.2d 1471, 1 U.S.P.Q. 1241 (Fed.Cir.1986)

‘The mere fact that [the applicant] attempted to distinguish the [claimed] process from the prior art does not constitute a material omission or misrepresentation. The examiner was free to reach his own conclusion regarding the [claimed] process based on the art in front of him.’

B. SCIENTER

In re Jerabek, 789 F.2d 886, 229 U.S.P.Q. 530 (Fed.Cir.1986)

(1) Intent need not be proven by direct evidence or proof of deliberate scheming: ‘A permissible finding of gross negligence is sufficient and can be shown where [the applicant's] attorney knew or should have known that the withheld reference would be material to the PTO's consideration.’

(2) The evidence established a ‘relatively high degree of intent.’ Even though there was no clear and convincing evidence that the applicant's counsel ‘deliberately withheld’ the reference in question, the evidence did show that (a) counsel should have known that there *138 was a substantial likelihood that a reasonable examiner would have considered a certain patent material in determining the patentability of the original patents, and (b) counsel was ‘repeatedly confronted with [the reference], and its contents, during the time of the prosecution of the original . . . patents.’

(3) Counsel used the same reference in an opposition to a Japanese application by another company and amended the U.S. application to add a limitation after that opposition. Thus, ‘one may properly infer an intent to mislead the PTO from counsel's failure to disclose the . . . reference.’

A.B. Dick Co. v. Burroughs Corp., 798 F.2d 1392, 230 U.S.P.Q. 849 (Fed.Cir.1986)

(1) ‘Where an applicant or his attorney knew or should have known that a reference was material . . . , the failure to disclose the reference is sufficient to establish intent.’

(2) Intent was shown by evidence that (a) the applicant's attorney relied upon materials that referred to the uncited references during an interference in support of the applicant's right to make the interference counts; and (b) the inventor previously stated in an article manuscript that the references disclosed ‘methods similar’ to his invention.

Rolls-Royce Ltd. v. GTE Valeron Corp., 800 F.2d 1101, 231 U.S.P.Q. 85 (Fed.Cir.1986)

Testimony that an applicant had an honest belief that an uncited reference was not material will not alone establish the absence of inequitable conduct. An assertion of ‘subjective ‘good faith’ would not alone suffice if ‘an actor in applicant's position would have reasonably known that the reference was material.’ However, ‘[n]othing in law or logic . . . requires an applicant to submit non-material, merely cumulative references for PTO review. . . .’

N.V. Akzo v. E.I. du Pont de Nemours & Co., 810 F.2d 1148, 1 U.S.P.Q.2d 1704, 1708 (Fed.Cir.1987)

(1) ‘Simple negligence . . . or an error in judgment is never sufficient for a holding of inequitable conduct.’

(2) The district court did not commit clear error in finding that a material misrepresentation was not shown to have been made with the level of intent necessary to establish inequitable conduct even though:

(a) the claims of the patent on a process for making a polymer for spinning into a fiber contained a limitation that there be ‘at least 5%’ of a certain ingredient,

(b) a research report showed that the polymer could be produced under some circumstances using less than the 5%,

(c) the report came to the attention of the applicant's Dutch patent attorney but was not disclosed to the U.S.P.T.O. examiner, and

(d) the claims would not have issued ‘but for’ the applicant's representations as to the criticality of the 5% limitation.

(3) The district court found that it was ‘unclear’ whether the applicant's assignee ‘had intended the 5% limitation as a scientific or *139 commercial limitation’ or whether ‘the results reported from experimentation conducted by [the assignee] during the prosecution . . . were indicative of bad faith or of other untainted motivating factors.’

C. BALANCING SCIENTER AND MATERIALITY

A.B. Dick Co. v. Burroughs Corp., 798 F.2d 1392, 230 U.S.P.Q. 849 (Fed.Cir.1986)

‘A degree of materiality may be offset by a showing of subjective good faith on the part of the applicant. However, a determination of inequitable conduct will not be avoided if knowledge of materiality or gross negligence greatly outweighs the lack of deceptive intent.’

Revlon, Inc. v. Carson Products Co., 803 F.2d 676, 231 U.S.P.Q. 472 (Fed.Cir.1986)

‘We see no error in the findings of materiality or intent to deceive, nor do we find error in the balance achieved by [the trial court in finding no inequitable conduct.]’

N.V. Akzo v. E.I. du Pont de Nemours & Co., 810 F.2d 1148, 1 U.S.P.Q.2d 1704, 1708 (Fed.Cir.1987)

(1) ‘The defense of inequitable conduct requires proof of: (1) an act of misrepresentation, (2) which was material, (3) involving information that was known or should have been known to the patentee, and (4) which was committed with the requisite intent.’

(2) ‘The elements of materiality and intent must be determined separately and then weighed together to ascertain whether the patentee engaged in inequitable conduct. The tribunal must then

carefully balance the materiality and intent: the less material the proffered or withheld information, the greater the degree of intent that must be proven. In contrast, a lesser degree of intent must be proven when the information has a great degree of materiality. Indeed, gross negligence can be the intended level of intent when the misrepresentation has a high degree of materiality.’

D. EFFECT OF INEQUITABLE CONDUCT

Argus Chemical Corp. v. Fibre Glass-Evercoat Company, Inc., 812 F.2d 1381, 1 U.S.P.Q.2d 1971 (Fed.Cir.1987)

(1) The district court did not err in denying an award of attorney fees to the prevailing accused infringer even though the appeals court had found that the patent was unenforceable because of inequitable conduct in its procurement.

(2) The patentee conducted the suit in good faith, and, in the words of the district court, ‘its failure to make the required disclosures to the patent office was the result of reliance upon an interpretation of the patent statutes believed at the time to be correct.’

E. ANTITRUST CONSEQUENCES-STATUTE OF LIMITATIONS

Argus Chemical Corp. v. Fibre Glass-Evercoat Company, Inc., 812 F.2d 1381, 1 U.S.P.Q.2d 1971 (Fed.Cir.1987)

(1) Under Ninth Circuit law, an essential element of a claim for antitrust damages based on fraudulent procurement is that the patent have been procured by ‘intentional fraud.’

*140 (2) The standard of ‘inequitable conduct’ that is applied in determining the enforceability of a patent should not be extended to *Walker Process* claims of actual or attempted monopolization through fraudulent patent procurement.

F. QUESTIONS OF LAW AND FACT

Shiley, Inc. v. Bentley Laboratories, Inc., 794 F.2d 1561, 230 U.S.P.Q. 112 (Fed.Cir.1986)

The district court did not err in submitting a special verdict form to the jury on inequitable conduct. Since the jury answered in the negative the question whether the patent applicant or his attorney made any misrepresentation or omission to the P.T.O., it was not required to answer the interrogatories concerning materiality and intent.

Carella v. Starlight Archery, 804 F.2d 135, 231 U.S.P.Q. 644 (Fed.Cir.1986)

‘The pertinency of information withheld from the examiner by an applicant is a question of fact . . .’

V. INFRINGEMENT

A. EXCLUSIVE RIGHTS

[1] INDUCEMENT AND CONTRIBUTORY INFRINGEMENT-35 U.S.C. SECTION 271(b), (c)

Porter v. Farmers Supply Service, Inc., 790 F.2d 882, 229 U.S.P.Q. 814 (Fed.Cir.1986)

(1) Absent direct infringement, there can be no contributory infringement.

(2) Replacement of an unpatented part that is subject to wear by a purchaser of a machine from the patentee is permissible 'repair' rather than impermissible 'reconstruction' and therefore does not constitute direct infringement. The legal distinction between 'repair' and 'reconstruction' is not affected by whether the element of a combination is an 'essential' or 'distinguishing' part of the claimed invention.

(3) One who sells replacement parts to purchasers of products sold with the permission of the patentee is not a contributory infringer.

Moleculon Research Corp. v. CBS, Inc., 793 F.2d 1261, 229 U.S.P.Q. 805 (Fed.Cir.1986)

Inducement of infringement of a method claim of a patent may be established by circumstantial evidence that direct infringement occurs as a result of the accused infringer's acts.

Preemption Devices, Inc. v. Minnesota Mining & Mfg. Co., 803 F.2d 1170, 231 U.S.P.Q. 297 (Fed.Cir.1986)

(1) The district court properly found that sales of components violated an injunction against patent infringement. The sales led to contributory infringement since:

(a) only the patentee and the infringer had sold systems covered by the patent,

*141 (b) there was no evidence that purchaser's from the patentee would purchase component parts from anyone except the patentee,

(c) the components had no substantial noninfringing use ('which therefore made it a non-staple article').

(2) Under 35 U.S.C. Section 271(c), 'one must show that an alleged contributory infringer knew that the combination for which his components were especially made was both patented and infringing.' Given the two-supplier market, the district court did not err in finding that the infringer had such knowledge.

(3) Repair or servicing of previously sold infringing systems constitutes infringement.

Met-Coil Systems Corp. v. Korners Unlimited, Inc., 803 F.2d 684, 231 U.S.P.Q. 474 (Fed.Cir.1986)

(1) 'Absent direct infringement of the patent claims, there can be neither contributory infringement . . . nor inducement of infringement.'

(2) Since the customers who bought certain machines from the patentee had an implied license to practice the patented invention and were not guilty of direct infringement in so practicing the invention with components purchased from the defendant, the defendant cannot be guilty of inducement or contributory infringement.

Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F.2d 1565, 1 U.S.P.Q.2d 1081 (Fed.Cir.1986)

(1) The district court erred in setting aside the jury's findings that the officers of a corporate infringer were personally liable for infringement, including willful infringement.

(2) 'Corporate officers who actively aid and abet their corporation's infringement may be personally liable for inducing infringement under § 271(b) regardless of whether the corporation is the alter ego of the corporate officer.'

(3) 'To determine whether corporate officers are personally liable for the direct infringement of the corporation under § 271(a) requires invocation of those general principles relating to piercing the corporate veil. Infringement is a tort, . . . and officers of a corporation are personally liable for tortious conduct of the corporation if they personally took part in the commission of the tort or specifically directed other officers, agents, or employees of the corporation to commit the tortious act.'

(4) Since the corporate officers were, under the circumstances, properly found to be liable for the acts of the corporation, the finding that the corporation was a willful infringer means that the officers are willful infringers as well.

[2] PROCESSES

Corning Glass Works v. U.S.I.T.C., 799 F.2d 1559, 230 U.S.P.Q. 822 (Fed.Cir.1986)

The practice of a process abroad does not constitute infringement of a U.S. patent. However, the activity is declared by 19 U.S.C. Section 1337a to be grounds for exclusion of imports made by the process.

*142 B. CLAIM INTERPRETATION

Mannesmann Demag Corp. v. Engineered Metal Products Co., Inc., 793 F.2d 1279, 230 U.S.P.Q. 45 (Fed.Cir.1986)

The presence of additional elements is irrelevant if all the claimed elements are present in the accused structure.

Polaroid Corp. v. Eastman Kodak Co., 789 F.2d 1556, 229 U.S.P.Q. 561 (Fed.Cir.1986)

Apparatus distinctions not claimed are not controlling in determining infringement of process claims.
Moleculon Research Corp. v. CBS, Inc., 793 F.2d 1261, 229 U.S.P.Q. 805 (Fed.Cir.1986)

Whether a structural recitation in a method claim limits the scope of the claim depends on the language of the claim, the specification, the prosecution history and other claims.

Moeller v. Ionetics, Inc., 794 F.2d 653, 229 U.S.P.Q. 992 (Fed.Cir.1986)

(1) Resort to certain extrinsic evidence (i.e. the specification, prosecution history, and other claims) is always necessary to interpret disputed claims.

(2) Since 'the test of claim interpretation is directed to one skilled in the art,' 'it makes sense . . . to elicit testimony from such individuals' (though that is not a requirement in all cases).

Bausch & Lomb, Inc. v. Barnes-Hind/Hydrocurve, Inc., 796 F.2d 443, 230 U.S.P.Q. 416 (Fed.Cir.1986)

(1) Disputed issues as to the meaning of a term in a patent claim (such as 'smooth' for the surface surrounding laser-etched markings on a soft contact lens) should be construed by resort to extrinsic evidence such as the specification, other claims, and the prosecution history.

(2) Such evidence indicates that 'smooth' does not mean absolutely ridge-free under the scrutiny of a scanning electron microscope (SEM). Testimony indicated that a person of ordinary skill in the art would use an optical microscope, not an SEM, to gauge smoothness. 'Smooth' means smooth enough to serve the inventor's purpose, which was to not inflame or irritate the wearer's eyelid or be perceived by him.

Rolls-Royce Ltd. v. GTE Valeron Corp., 800 F.2d 1101, 231 U.S.P.Q. 85 (Fed.Cir.1986)

Reference in the specification of a patent to an object 'does not constitute in itself a limitation in the claims.'

Surface Technology, Inc. v. U.S.I.T.C., 801 F.2d 1336, 231 U.S.P.Q. 192 (Fed.Cir.1986)

(1) The U.S.I.T.C. properly found that the accused products did not infringe since they contained no visible manifestation of 'nucleation bonding' as called for by patent claims in question.

(2) The patentee's argument that the term 'nucleation bonding' should be broadly construed is inconsistent with the language in the application as well as with the prosecution history of the patent. Scanning electron microscopy (SEM) is the method of determining such *143 bonding set forth in the examples in the specification, and use of SEM failed to detect such bonding in the accused structures.

(3) The patentee's alternative 'surface roughness' test was properly rejected as it never been published and no evidence was offered as to its efficacy, accuracy and dependability.

Texas Instruments, Inc. v. U.S. Int'l Trade Comm'n, 805 F.2d 1558, 231 U.S.P.Q. 833 (Fed.Cir.1986)

(1) Substantial evidence supports the determination by the Commission that the accused pocket calculators do not infringe the petitioner's patent on the pioneering invention of the portable electronic calculator.

(2) While the claim of the patent is drafted with three limitations in ‘means-plus-function’ terms, to wit,

(a) input means including a keyboard,

(b) electronic memory, arithmetic and transfer means, and

(c) display means,

and while the accused pocket calculators contain means that perform each of the specified functions, those calculators do not fall within the properly construed claim ‘when the invention and the accused devices are viewed as a whole.’

(3) As to each of the means-plus-function claim limitations, the accused devices perform the specified function by means embodying subsequently developed or improved technology (to wit, a scanning matrix encoder for the conductive strips in the input keyboard means; a single chip integrated circuit based on metal oxide semiconductors for the bipolar semiconductors in the arithmetic, memory and transfer means; and a liquid crystal display for the thermal printer in the display means).

(4) ‘[W]hen each changed means is considered separately, as part of the overall device as described by the inventors, substantial evidence may not support the finding that the resultant device is not an infringement . . .’ However, ‘it is the claimed invention as a whole that must be considered in determining whether there is infringement by the accused devices also considered as a whole. It is not appropriate in this case, where all of the claimed functions are performed in the accused devices by subsequently developed or improved means, to view each such change as if it were the only change from the disclosed embodiments of the invention. It is the entirety of the technology embodied in the accused devices that must be compared with the patent disclosure.’

(5) ‘Taken together, [the] accumulated differences distinguish the accused calculators from that contemplated in the . . . patent and transcend a fair range of equivalents of the . . . invention.’ *Howes v. Medical Components, Inc.*, 814 F.2d 638, 2 U.S.P.Q.2d 1271 (Fed.Cir.1987)

(1) The prosecution history of a reissue application must be considered in interpreting a claim even when the claim appeared in the original patent and was not altered or amended during the reissue proceedings.

*144 (2) ‘[D]uring the prosecution of a patent, claim language may take on new meanings, possibly different from that which was originally intended.’

(3) To resolve a dispute as to the meaning of a claim, ‘it is always necessary to look at certain extrinsic evidence, namely, the specification, the prosecution history, and the other claims.’ *Data Line Corp. v. Micro Technologies, Inc.*, 813 F.2d 1196, 1 U.S.P.Q.2d 2052 (Fed.Cir.1987)

As to claims containing means-plus-function limitations, ‘[i]f all other limitations in such a claim

are literally met, and the accused device is shown to contain an equivalent of the structure which was identified in the means-plus-function limitation of the claim and disclosed in the specification, infringement is said to be 'literal' as distinguished from infringement under the doctrine of equivalents.'

C. SUMMARY JUDGMENT-QUESTION OF LAW AND FACT

Porter v. Farmers Supply Service, Inc., 790 F.2d 882, 229 U.S.P.Q. 814 (Fed.Cir.1986)

The grant of summary judgment in favor of a party accused of patent infringement is proper where there is no genuine issue of material fact and, given proper construction of the claims of a patent, a finding of infringement is impossible.

Moleculon Research Corp. v. CBS, Inc., 793 F.2d 1261, 229 U.S.P.Q. 805 (Fed.Cir.1986)

'Literal infringement, i.e., whether properly interpreted claims read on the accused product or method, is a question of fact and reviewable under a 'clearly erroneous' standard. Claim interpretation, a threshold inquiry when resolving infringement, is a question of law.'

Mannesmann Demag Corp. v. Engineered Metal Products Co., Inc., 793 F.2d 1279, 230 U.S.P.Q. 45 (Fed.Cir.1986)

The threshold question of claim interpretation is a question of law. The application of the claim to the accused structure is a matter of fact.

Moeller v. Ionetics, Inc., 794 F.2d 653, 229 U.S.P.Q. 992 (Fed.Cir.1986)

(1) Summary judgment was not appropriate since there existed a dispute as to the meaning of a term ('electrode') in the claim of the patent, and expert testimony by persons skilled in the art would be helpful extrinsic evidence in interpreting the claim.

(2) Although use of expert testimony is generally a matter of discretion with the trial judge, it was, under the circumstances of the case, an abuse of discretion not to allow such testimony.

(3) 'In a patent case involving complex scientific principles, it is particularly helpful to see how those skilled in the art would interpret the claim.'

Chemical Engineering Corp. v. Essef Industries, Inc., 795 F.2d 1565, 230 U.S.P.Q. 385 (Fed.Cir.1986)

(1) A mere allegation of infringement, either literal or by equivalents, does not raise fact issues precluding summary judgment.

*145 (2) '[T]he threat of summary judgment is often beneficial, forcing movant and non-movant alike to establish what facts, if any, are material *and* disputed.'

(3) While the disclosures in the accused infringer's own patent applications and patents are not controlling on infringement, the trial court did not err in using such disclosures as a short-hand description, especially as the patent infringer had made similar use of such descriptions.

George v. Honda Motor Co., Ltd., 802 F.2d 432, 231 U.S.P.Q. 382 (Fed.Cir.1986)

'The determination of scope of the claims is a question of law, and a dispute respecting that legal

issue does not preclude summary judgment.’

Howes v. Medical Components, Inc., 814 F.2d 638, 2 U.S.P.Q.2d 1271 (Fed.Cir.1987)

(1) Although claim construction (what its scope is) is a legal conclusion, underlying factual disputes may arise which preclude summary judgment-as when complex scientific principles are involved or expert testimony is needed to explain a disputed term.

(2) No fact issue arises if the disputed term in a claim is not a technical term or term of art with a special meaning to those skilled in the art or if the term is clearly defined in the patent specification. With such terms, the court may properly construe the claim as a matter of law without resort to expert evidence.

(3) Claim interpretation in the light of the specification remains a question of law. Summary judgment was improper because of complexities and ambiguities concerning the nature and significance of what occurred during the prosecution history of the reissue patent.

D. DOCTRINE OF EQUIVALENTS AND FILE WRAPPER (PROSECUTION HISTORY) ESTOPPEL

Moleculon Research Corp. v. CBS, Inc., 793 F.2d 1261, 229 U.S.P.Q. 805 (Fed.Cir.1986)

While the prosecution history may rise to an estoppel such as to preclude application of the doctrine of equivalents, the prosecution history can and should also, where relevant, be assessed (along with the claim language and the specification) in properly interpreting claim language.

Polaroid Corp. v. Eastman Kodak Co., 789 F.2d 1556, 229 U.S.P.Q. 561 (Fed.Cir.1986)

Application of the reverse doctrine of equivalents is a question of fact.

Mannesmann Demag Corp. v. Engineered Metal Products Co., Inc., 793 F.2d 1279, 230 U.S.P.Q. 45 (Fed.Cir.1986)

(1) Prosecution history estoppel applies when ‘the enlarged claim interpretation that [the patentee] seeks to apply to [the accused] structure falls squarely within the claim scope that [the patentee] relinquished [during the prosecution] to overcome the cited references.’

*146 (2) An original application claim specifying, inter alia, that certain neighboring coil sections be ‘closely adjacent’ was amended, after an examiner rejection, to specify that the sections be ‘in a contacting relation.’ In view of this action, there can be no infringement when the corresponding sections in the accused device were separated by a certain ‘slag-stopping bar.’

(3) ‘Determination of the scope of an estoppel deriving from actions taken before the Patent and Trademark Office requires review of not only the nature of such actions, but the reasons therefor: the prior art thereby distinguished, and the examiner's objections thereby overcome.’

(4) ‘In cases where a patentee's amendments were not required in response to an examiner's rejection or critical to the allowance of the claims, no estoppel has been found. . . . Similarly, estoppel is not necessarily created by an amendment designed only to remove a § 112

indefiniteness rejection.’

Moeller v. Ionetics, Inc., 794 F.2d 653, 229 U.S.P.Q. 992 (Fed.Cir.1986)

An amendment, added as an examiner's amendment at the end of the prosecution (and providing as to ‘means including an electrode body for supporting the membrane’ that there also be ‘an electrode disposed within said body’), did not, under the circumstances, and in the context of a motion for summary judgment of noninfringement, constitute such an estoppel as to preclude application of the doctrine of equivalents so as to cover the accused structure (in which the electrode protrudes somewhat and thus is not altogether within the electrode body). There was no indication that the amendment was intended by the examiner or the applicant to mean that the claim not read on such a device as that accused of infringement. The stated purpose of the amendment was to ‘more particularly point out the invention.’

Chemical Engineering Corp. v. Essef Industries, Inc., 795 F.2d 1565, 230 U.S.P.Q. 385 (Fed.Cir.1986)

An assertion of infringement under the doctrine of equivalents was not sufficient to preclude a summary judgment of noninfringement when (1) the patent could not be considered a pioneer patent because it issued in a crowded art, and (2) the prosecution history made clear that the claim limitation not present in the accused device was crucial to patentability.

Medtronic Inc. v. Intermedics, Inc., 799 F.2d 734, 230 U.S.P.Q. 641 (Fed.Cir.1986)

(1) The trial judge did not err in instructing the jury on infringement by equivalency since an element of a claim at issue calls for a ‘means’ for performing a specified function.

(2) ‘In construing a ‘means plus function’ claim, a number of factors, including the language of the claim, the patent specification, the prosecution history of the patent, other claims in the patent, and expert testimony may be considered.’

Texas Instruments, Inc. v. U.S. Int'l Trade Comm'n, 805 F.2d 1558, 231 U.S.P.Q. 833 (Fed.Cir.1986)

*147 (1) The accused pocket calculators did not infringe the petitioner's patent even though

(a) the patent was on a pioneering invention of the portable calculator,

(b) there was nothing in the prosecution history of the patent that constrained the breadth of claim interpretation that the petitioner proposed, and

(c) the accused calculators contain means that perform all the functions of the invention and that correspond to the ‘means-plus-function’ limitations of the claim of the patent.

(2) ‘When literal infringement [of a claim drafted with ‘means-plus-function’ limitations as permitted] under section 112 paragraph 6 is not present the doctrine of equivalents may nevertheless apply . . .’ However, the accused calculators employ improved technology as to each of the functional means of the patent. The ‘totality of change in the accused devices from that described in the [patent] specification’ supports the Commission's finding of non-equivalence.

(3) ‘The determination of equivalency by its nature is inimical to the basic precept of patent law that the claims are the measure of the grant. . . . The doctrine of equivalents . . . exists solely for

the equitable purpose of 'prevent[ing] an infringer from stealing the benefit of an invention.' . . . To achieve this purpose, equivalency is judicially determined by reviewing the content of the patent, the prior art, and the accused device, and essentially redefining the scope of the claims. This constitutes a deviation from the need of the public to know the precise legal limits of patent protection without recourse to judicial ruling. For the occasional pioneering invention, devoid of significant prior art-as in the case before us-whose boundaries probe the policy behind the law, there are no immutable rules.'

E. DEFENSES

[1] IMPLIED LICENSE-FIRST SALE

Met-Coil Systems Corp. v. Korners Unlimited, Inc., 803 F.2d 684, 231 U.S.P.Q. 474 (Fed.Cir.1986)

- (1) An alleged infringer has the burden of showing the entitlement to an implied license.
- (2) Where are 'two requirements for the grant of an implied license by virtue of a sale of nonpatented equipment used to practice a patented invention.' 'First, the equipment involved must have no noninfringing uses. . . . Second, the circumstances of the sale must 'plainly indicate that the grant of a license should be inferred.'
- (3) The district court did not err in finding an implied license. The patentee sold roll-forming machines that its customers used to shape metal ducts and form certain flanges so as to practice the duct connecting system covered by the apparatus and method claims of the patent. The patentee also sold specially shaped corner pieces for use with the flanges. The defendant did not commit inducement of infringement by selling such corner pieces since the flanges have no use other than with the patented system. The written notices by the patentee to customers with respect to purchase of corner pieces from *148 unlicensed sources were to no avail since they were *after* the time of the sale of the machine: 'The subsequent notices are not a part of the circumstances at the time of the sale, when the implied license would have arisen.'

King Instrument Corp. v. Otari Corp., 801 F.2d 1324, 231 U.S.P.Q.2d 136 (Fed.Cir.1987)

An infringer's payment of a judgment for damages for sales of infringing devices provides full compensation to the patent owner. After such payment, the infringer receives an implied license as to those sales for the useful life of the devices and may provide to its customers spare parts need for repairs of those devices. Sales of spare parts for reconstruction of a device (or at the onset of the sales as mere extra parts) do not fall within the implied license.

[2] LACHES-TIME LIMITATIONS-35 U.S.C. SECTION 286

Mainland Industries, Inc. v. Standal's Patents Ltd., 799 F.2d 746, 230 U.S.P.Q. 772 (Fed.Cir.1986)

(1) Once the delay in asserting infringement exceeds six years, the burden of proof on laches and estoppel shifts from the alleged infringer to the patentee to prove the existence and reasonableness of an excuse for the delay and to show lack of injury to the accused infringer.

(2) However, this shift does not change the nature of the inquiry, which remains essentially a fact specific inquiry determined in light of the facts of each case.

(3) It cannot be said 'as a matter of law that litigation in non-United States forums cannot be considered in determining excusable delay' in filing suit for infringement in the United States. *Bott v. Four Star Corp.*, 807 F.2d 1567, 1 U.S.P.Q.2d 1210 (Fed.Cir.1986)

(1) The presumption of laches from a six year delay 'does not start running until the issue date of the patents.'

(2) While the district court erred in failing to shift the burden of proof on laches as to certain parties added after a six-year period from issuance of the patent, the defense of laches was defeated by the infringer's 'egregious conduct' in 'plagiarizing of the plaintiff's patent.' Applying by analogy principles of copyright and trademark law, the burden of prove independent development of the infringing device shifted to the infringer on proof that the infringer had access to the patent and contemporaneously produced an infringing device.

(3) 'Laches is an equitable defense and its existence must be determined in each case under its particular facts. It is a question primarily addressed to the discretion of the trial court.'

[3] MISUSE

Senza-Gel Corp. v. Seiffhart, 803 F.2d 661, 231 U.S.P.Q. 363 (Fed.Cir.1986)

(1) The district court did not err in granting summary judgment that the patentee had committed patent misuse when

*149 (a) the patent owner indicated that it never licensed the process patent in question without also leasing a machine for carrying out the patent,

(b) a witness testified that his request to lease the process without the machine was refused, and

(c) the machine as leased was suitable for substantial non-infringing use and therefore a staple article of commerce.

(2) The district court did not err in using a three step analysis for determining misuse in a tying context: '*First*: Determine whether there are two things tied, i.e., whether there are separable or inseparable items; if so . . . *Second*: Determine whether the 'thing' which is assertedly tied to the patented item is a staple or non-staple item in commerce; if staple . . . *Third*: Determine whether in fact they are tied.'

(3) 'Misuse relates to enforceability and 35 U.S.C. § 282(1) lists unenforceability as a defense that must be pleaded in any action involving validity or infringement.'

(4) The district court did not err in denying summary judgment on tying for antitrust purposes while granting it on misuse. A 'patentee's act may constitute patent misuse without rising to the level of an antitrust violation.' There are different tests for determining the separateness of products for misuse and antitrust purposes: 'The law of patent misuse in licensing need . . . look only to the nature of the claimed invention as a basis for determining whether a product is a necessary concomitant of the invention or an entirely separate product. The law of antitrust violation, tailored to situations that may or may not involve a patent, looks to a consumer demand test for determining product separability.'

(5) 'All that a successful defense of patent misuse means is that a court of equity will not lend its support to enforcement of a mis-user's patent.' A successful patent misuse defense results in rendering the patent unenforceable until the misuse is purged. A successful complaint for antitrust violation results not only in unenforceability, but also, *inter alia*, in treble damages.'

[4] INVALIDITY-NOTICE OF PRIOR ART

Eaton Corp. v. Appliance Valves Corp., 790 F.2d 874, 229 U.S.P.Q. 668 (Fed.Cir.1986)

(1) Under 35 U.S.C. Section 282, which requires that a party asserting invalidity or noninfringement give, 30 days prior to trial, notice of prior art to be relied upon as showing anticipation or the state of the art, merely mentioning a patent or publication in a pre-trial paper without indicating that it will be used at trial is normally not sufficient notice.

(2) Lack of notice does not absolutely bar introduction of relevant, material evidence. The trial court did not abuse its discretion in allowing introduction of an unnoticed patent that was short and portrayed a device that had been on the market for ten years.

Lannom Manufacturing Co., Inc. v. U.S.I.T.C., 799 F.2d 1572, 231 U.S.P.Q. 32 (Fed.Cir.1986)

*150 The I.T.C. has not been authorized to pass on the validity of a patent when no defense of invalidity has been raised by a respondent or the Commission staff. The intent of Congress is that the Commission entertain the same legal defenses to charges of infringement as do the courts: 'It is beyond cavil that a district court does not have authority to invalidate a patent at its own initiative if validity is not challenged by a party.'

Cornwall v. U.S. Construction Manufacturing, Inc., 800 F.2d 250, 231 U.S.P.Q. 64 (Fed.Cir.1986)

(1) Invalidity is an affirmative defense that must be pleaded in the answer by a defendant who wishes to contest the validity of a patent. A denial of the plaintiff's allegation that the patent had been 'duly and legally issued' does not meet the requirement of affirmative pleading.

(2) The district court committed clear error in denying the defendant's motion to amend its answer

to add invalidity as a defense without offering some justifying reason for the denial.

(3) To comply with 35 U.S.C. Section 282, a notice of the prior art that a defendant seeks to rely upon should include all of the elements required by that statute.

Hybritech Inc. v. Monoclonal Antibodies, Inc., 802 F.2d 1367, 231 U.S.P.Q. 81 (Fed.Cir.1986)

‘[T]he presumption of validity goes to validity of the patent in relation to the patent statute *as a whole*, not just to nonobviousness under section 103.’

[5] EXPERIMENTAL AND TESTING USE

TVI Energy Corp. v. Blane, 806 F.2d 1057, 1 U.S.P.Q.2d 1071 (Fed.Cir.1986)

As to a patentee's suit alleging that the defendant demonstrated an infringing product (disposable thermal targets) as part of Government bidding procedures, the district court lacked jurisdiction. If the patentee has a cause of action, its remedy is against the Government in the Court of Claims. The “demonstration-infringement” was minimal at best. The total value of the targets was only \$500, and [the defendant] received no commercial profit from the use of the targets; they were used solely for the purpose of display in the required Government procedure.’

F. BURDEN OF PROOF-INSTRUCTIONS

Moleculon Research Corp. v. CBS, Inc., 793 F.2d 1261, 229 U.S.P.Q. 805 (Fed.Cir.1986)

There is no requirement that a patent owner proffer expert testimony on claim interpretation or on the application of claim language to accused devices.

VI. REMEDIES

A. INJUNCTIONS-35 U.S.C. SECTION 283

[1] PRELIMINARY INJUNCTIONS

Power Controls Corp. v. Hybrinetics, Inc., 806 F.2d 234, 231 U.S.P.Q. 774 (Fed.Cir.1986)

*151 (1) The district court erred in granting a preliminary injunction against infringement of a design patent on a ‘clam shell’ type of package used to encase a rotary dimmer switch when the accused infringer made a showing that the patent was invalid because the design was functional.

(2) While the presumption of validity ‘is a permissible basis for supporting a preliminary

injunction,' the accused infringer's 'strong showing of functionality overcame the presumption at this preliminary stage because it established that [the patent owner] had shown 'no reasonable likelihood of success on the issue of validity.'

[2] CONTEMPT PROCEDURES

Preemption Devices, Inc. v. Minnesota Mining & Mfg. Co., 803 F.2d 1170, 231 U.S.P.Q. 297 (Fed.Cir.1986)

(1) The district court erred in finding that the sale of modified devices constituted contempt of an injunction against infringement of a patent because it relied solely on the 'colorable difference' test and did not consider the claims of the patent.

(2) 'Civil contempt is one mechanism through which a court may enforce its proper powers, and is recognized as a severe remedy. In such a civil contempt proceeding, the movant has the heavy burden of proving violation of the District Court's order by clear and convincing evidence. If there is a fair ground of doubt as to the wrongfulness of the defendant's actions said to be in contempt, the District Court should not entertain the civil contempt proceeding or find contempt.'

Joy Manufacturing Co. v. National Mine Service Co., 810 F.2d 1127, 1 U.S.P.Q.2d 1627, 1628 n 2 (Fed.Cir.1987)

'There is . . . no contempt jurisdiction for the violation of [a settlement] agreement which is not part of the judgment.'

[3] PERSONS BOUND

Kloster Speedsteel AB v. Crucible, Inc., 793 F.2d 1565, 230 U.S.P.Q. 81 (Fed.Cir.1986) *opinion modified on rehearing* 231 U.S.P.Q. 160 (Fed.Cir.1986)

(1) A person who acquires the assets of an accused infringer after a suit for patent infringement begins is bound by the injunction entered as part of the final judgment.

(2) The district court did not err in denying a motion to modify the injunction against infringement so as to either eliminate the reference to 'successors in interest or assigns' or by exclude the movant, who had purchased the facility that the accused infringer had used to make the infringing products.

B. DAMAGES-35 U.S.C. SECTIONS 284 AND 285

[1] REASONABLE AND ESTABLISHED ROYALTIES

Radio Steel & Mfg. Co. v. MTD Products, Inc., 788 F.2d 1554, 229 U.S.P.Q. 431 (Fed.Cir.1986)

(1) The district court did not err in finding a reasonable royalty of 10% on infringing sales of wheelbarrows based on:

*152 (a) the age of the patent and its contribution to the industry;

(b) the patentee's unwillingness to license;

(c) the profit margin on sales;

(d) the availability of wheelbarrows from other manufacturers, and

(e) collateral sales benefits.

(2) The royalty rate was not unreasonable even though it may have exceeded the infringer's actual profits since 'the determination of a reasonable royalty . . . is based not on the infringer's profit, but on the royalty to which a willing licensor and a willing licensee would have agreed at the time the infringement began.' Also, the evidence indicated that the wheelbarrows may have been utilized as loss-leaders.

TWM Manufacturing Co., Inc. v. Dura Corp., 789 F.2d 895, 229 U.S.P.Q. 525 (Fed.Cir.1986)

(1) The district court did not abuse its discretion in adopting the special master's findings on a reasonable royalty that:

(a) relied on a memorandum by the infringer's management projecting a gross profit from infringing sales (52.7%) and

(b) used an 'analytical approach' in which the infringer's usual profit (6.56% to 12.5%) and overhead (10.7%) were subtracted from that projected gross profit to reach a royalty (30%) that the infringer as a reasonable licensee would have agreed to.

(2) The high royalty rate is supported by the immediate commercial success of the invention, its satisfaction of a long-felt need, and the absence of a competing, noninfringing alternative that possesses 'all of its beneficial characteristics.'

(3) The argument that a lower rate was proper because of the existence of a noninfringing alternative was undercut by evidence of:

(a) the infringer's failure to design independently its own device,

(b) the infringer's election to infringe 'despite having expended only minimal sums when notified of infringement',

(c) willful infringement,

(d) failure of the infringer successfully to market alternative designs,

(e) violation of an injunction against infringement, and

(f) withdrawal from the business after enforcement of the injunction.

(4) While the focus of attention in determining a reasonable royalty for acts of patent infringement is on the date when infringement began, the actual profits of the infringer after such date is admissible evidence as to what royalty rate a reasonable prospective licensee might have agreed to.

(5) Difficulties in determining a reasonable royalty figure are properly resolved against an infringer which has lost relevant records.

(6) The special master did not err in including in the royalty base unpatented wheels and axles as well as the patented truck suspension: 'Where a hypothetical licensee would have anticipated an increase in *153 sales of collateral unpatented items because of the patented device, the patentee should be compensated accordingly.'

[2] LOST PROFITS

Radio Steel & Mfg. Co. v. MTD Products, Inc., 788 F.2d 1554, 229 U.S.P.Q. 431 (Fed.Cir.1986)

In inferring causation of lost profits from the absence of acceptable non-infringing substitutes, the trial court did not err in finding that the patented wheelbarrow had several attributes absent from non-infringing contractor-type wheelbarrows on the market. The infringer's argument that there were prior art wheelbarrows that perform 'the same function' was simply another formulation of the unsuccessful contention that the patent was 'simply . . . a combination of old elements.'

TWM Manufacturing Co., Inc. v. Dura Corp., 789 F.2d 895, 229 U.S.P.Q. 525 (Fed.Cir.1986)

(1) In inferring causation of lost profits from the absence of acceptable non-infringing substitutes, the special master did not err in finding that none of the alleged substitutes had all of the beneficial characteristics of the patented device. 'Mere existence of a competing device does not make that device an acceptable substitute.'

(2) The infringer's acceptable substitute argument is of 'limited influence' when it ignores those substitutes while selling the patented invention.

(3) The special master did not err in awarding lost profits on sales of unpatented wheels and axles as well as the patented suspension: 'The entire market value rule allows for the recovery of damages based on the value of an entire apparatus containing several features, when the feature patented constitutes the basis for customer demand.'

(4) Allowance of lost profits in the form of a diminution in the patentee's sale price and special discounts made by the patentee on some sales 'may be unusual' but did not constitute an abuse of discretion: 'In determining an award 'adequate to compensate', 35 U.S.C. § 284, there must be room to take into account the totality of the circumstances.'

Carella v. Starlight Archery, 804 F.2d 135, 231 U.S.P.Q. 644 (Fed.Cir.1986)

(1) The district court's award of lost profits was not erroneous despite its failure to make express findings as to the patent owner's production and marketing capacity and the absence of acceptable non-infringing substitutes. The 'Panduit guidelines' are a 'permissible way to establish entitlement to lost profits' but do not constitute 'the exclusive standard' for determining such entitlement.

(2) Evidence that the patented device was 'unique' justified treating the sales of the infringer as an element of lost profits to the patent owner: 'It was unnecessary for [the patent owner] to negate every possibility that the purchasers might have bought another product.'

(3) '[T]he amount of detailed testimony and documentation regarding computations of the patentee's lost profits will vary with the size *154 and complexity of the patentee's company and with the extent to which that information is challenged or contradicted by the infringer.'

[3] JUDICIAL DISCRETION-JURY VERDICTS

TWM Manufacturing Co., Inc. v. Dura Corp., 789 F.2d 895, 229 U.S.P.Q. 525 (Fed.Cir.1986)

The methodology of assessing and computing damages for patent infringement under 35 U.S.C. § 284 is within the sound discretion of the district court.

C. COLLATERAL ASSESSMENTS-35 U.S.C. SECTIONS 284 AND 285

[1] INCREASED DAMAGES-WILLFUL INFRINGEMENT-ADVICE OF COUNSEL

Radio Steel & Mfg. Co. v. MTD Products, Inc., 788 F.2d 1554, 229 U.S.P.Q. 431 (Fed.Cir.1986)

(1) The district court did not err in finding no willful infringement when, after receiving notice of infringement from the patent owner, the infringer obtained an oral opinion that:

- (a) was not based on the prosecution history of the patent,
- (b) concluded that the accused device literally infringed,
- (c) advised that the patent was invalid, and
- (d) suggested design modifications to avoid infringement.

(2) A district court is not required to find willful infringement simply because the opinion of counsel obtained by the infringer failed to meet all of the requirements for competent advice on patent rights referred to in prior cases such as *Central Soya* and *Underwater Devices*.

(3) The case was not one in which

(a) ‘an outside patent attorney initially was reluctant to give an oral opinion based on the facts before him, but was pressured or coerced into doing so by his client,’ or

(b) ‘the client previously had received a number of carefully prepared written opinions but in the particular case had acted on the basis of an oral, almost off-the-cuff opinion.’

In such cases, ‘the opinion of counsel might not suffice to establish nonwillfulness.’

(4) The issue of whether the sale of prototypes of the product prior to obtaining the advice of counsel was willful should not be considered when the litigation centered around the sale of a later commercial version of the product and the district court made no findings as to whether the prototype infringed the patent.

TWM Manufacturing Co., Inc. v. Dura Corp., 789 F.2d 895, 229 U.S.P.Q. 525 (Fed.Cir.1986)

There is no requirement that a finding of ‘bad faith’ must be made in order to award increased damages for willful infringement.

Kloster Speedsteel AB v. Crucible, Inc., 793 F.2d 1565, 230 U.S.P.Q. 81, 231 U.S.P.Q. 160 (Fed.Cir.1986)

*155 (1) Since, on the record, the infringer's conduct must be found to be willful infringement, the district court's failure to award multiple damages should be remanded in order that that court may exercise its discretion as to whether and in what amount damages should be increased.

(2) An internal memorandum written by a technically-trained official, who was not a patent attorney, which recommended an ‘aggressive strategy’ in challenging the validity of the patent, showed that the infringer ‘intentionally undertook the risk of importing infringing products in the hope that a court would hold the patent invalid or that [the patentee] would grant a license to escape litigation.’

(3) ‘An ‘aggressive strategy’ unsupported by any competent advice of counsel, thorough investigation of validity and infringement, discovery of more pertinent uncited prior art, or similar factors, is the type of activity the reference in the patent law to increased damages seeks to prevent. An alleged infringer who intentionally blinds himself to the facts and law, continues to infringe, and employs the judicial process with no solidly-based expectation of success, can hardly be surprised when his infringement is found to have been willful.’

(4) ‘If infringement be accidental or innocent, increased damages are not awardable for the infringement.’

Shiley, Inc. v. Bentley Laboratories, Inc., 794 F.2d 1561, 230 U.S.P.Q. 112 (Fed.Cir.1986)

(1) That the infringer began to market its infringing product one month before issuance of the patents in question does not preclude as a matter of law a finding of willful infringement since willfulness is to be determined under the totality of the circumstances.

(2) A jury verdict on the fact issue of willful infringement is not advisory and may be overturned only by a motion for a judgment *n.o.v.*

(3) If willful infringement is found, the trial judge has discretion, under the second sentence of 35 U.S.C. Section 284, whether and by how much to increase damages.

Rolls-Royce Ltd. v. GTE Valeron Corp., 800 F.2d 1101, 231 U.S.P.Q. 185 (Fed.Cir.1986)

(1) The district court did not commit clear error in finding no willful infringement.

(2) While the infringer did not obtain the advice of counsel on whether the accused device infringed and had obtained counsel's opinion that an earlier device did infringe, the testimony indicated that the employees of the infringer were conscious of the need not to infringe and made a bona-fide effort to avoid infringement by attempting to 'design around' the claimed invention.

(3) 'Infringers should not escape a finding of willfulness by merely denying themselves counsel's advice while relying on opinions of lay-employees.'

*156 (4) Issuance of a patent on the accused device does not, as such, provide the basis for a reasonable belief of noninfringement (especially when the patent issues two years after infringement begins).

(5) 'It is by now well settled that where a potential infringer has actual notice of another's patent rights he has an affirmative duty of due care. . . . That affirmative duty will normally entail the obtaining of competent legal advice of counsel before infringing or continuing to infringe; that does not mean, however, that absence of an opinion of counsel alone *requires* in every case a finding of willful infringement.'

(6) 'In respect of willfulness, there cannot be hard and fast *per se* rules. The district court, considering the evidence before it and the testimony and demeanor of the witness, must in each case determine whether an infringer has discharged its affirmative duty of exercising due care.'

Pacific Furniture Mfg. Co. v. Preview Furniture Corp., 800 F.2d 1111, 231 U.S.P.Q. 67 (Fed.Cir.1986)

The district court did not err in finding willful infringement. 'The fact that [the infringers] may have started its infringement before the patents issued (or before [they] were aware of the patents) does not bar an award of increased damages or attorney fees.'

Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F.2d 1565, 1 U.S.P.Q.2d 1081 (Fed.Cir.1986)

(1) The district court erred in setting aside the jury's finding of willful infringement.

(2) The infringer did not consult an attorney until after the patent owner filed suit. That the infringer may have relied upon the statement by a dealer that the patent had been held invalid by a district court was an insufficient basis for setting aside the jury's finding since the infringer failed to seek advice of counsel after being advised by the patent owner that the invalidity ruling had been reversed on appeal. Also, the infringer did not reply to the patent owner's letters or an invitation to participate as a protester in a reissue proceeding involving the patent.

Kaufman Company, Inc. v. Lantech, Inc., 807 F.2d 970, 1 U.S.P.Q.2d 1202 (Fed.Cir.1986)

(1) The district court did not err in finding willful infringement even though the infringer filed suit for a declaratory judgment who weeks after receiving notice of infringement (which in turn was two weeks after the patent issued) and terminated infringement roughly four months after filing such suit.

(2) Under the totality of the circumstances, willfulness was properly found since the infringer:

(a) faithfully copied the claimed invention,

(b) stated ‘he would copy any machine that his customers requested, regardless of whether or not a patent was issued’

(c) took an untenable position regarding invalidity, and

(d) presented a frivolous defense of noninfringement.

*157 (3) ‘[A]lthough [the infringer] retained an attorney and sued [the patent owner] shortly after receiving notice of infringement, there is no evidence that [the infringer] received from that attorney information that would provide a reasonable basis for [the infringer's] believing that it had a right to continue the allegedly infringing acts. . . . The mere fact that [the infringer] brought suit is not evidence that there was such a reasonable basis.’

Bott v. Four Star Corp., 807 F.2d 1567, 1 U.S.P.Q.2d 1210 (Fed.Cir.1986)

(1) The district court did not err in finding willful infringement.

(2) The infringer's activities were marked by indifference toward the patentee's patent rights. Though knowing of the patent, the infringer obtained only an unsupported oral opinion from in-house counsel as to the legality of its conduct.

(3) The infringer's misconduct was willful even pending an appeal from a judgment of liability during which the trial court stayed its injunction since the court had warned the infringer of its liability.

(4) ‘In determining whether an infringer acted in bad faith as to merit an increase in damages awarded against him, the court will consider the totality of circumstances . . . including (1) whether the infringer deliberately copied the ideas of design or another; (2) whether the infringer, when he knew of the other's patent protection, investigated the scope of the patent and formed a good faith belief that it was invalid or that it was not infringed, and (3) the infringer's behavior as a party to the litigation.’

[2] PREJUDGMENT INTEREST

Radio Steel & Mfg. Co. v. MTD Products, Inc., 788 F.2d 1554, 229 U.S.P.Q. 431 (Fed.Cir.1986)

The patentee's failure to remove a patent notice from its products for one-and-one-half years after the patent expired is not a justification for the denial of prejudgment interest. A justification for

such denial ‘must have some relationship to the award of prejudgment interest.’
Bio-Rad Laboratories, Inc. v. Nicolet Instrument Corp., 807 F.2d 964, 1 U.S.P.Q.2d 1191
(Fed.Cir.1986)

(1) The district court erred in limiting prejudgment interest to a period nine months prior to trial and to the State judgment interest rate of 7% un-compounded.

(2) The patentee's alleged discovery abuses did not result in any delay of the trial.

(3) ‘The normal procedure under *Devex* is to award prejudgment interest from the date of infringement to the date of payment. . . .’

(4) ‘The rate of prejudgment interest and whether it should be compounded or un-compounded are matters left largely to the discretion of the district court.’ However, the district court must be guided by the purpose of prejudgment interest, which is to provide full compensation to the patent owner. The only evidence in the record suggested use of either the prime rate or the rate the patentee paid on its corporate borrowings during the period of infringement.

*158 (5) ‘[T]he merits of the infringer's challenges to the patent are immaterial in determining the amount of prejudgment interest.’

[3] ATTORNEY FEES AWARDS

Porter v. Farmers Supply Service, Inc., 790 F.2d 882, 229 U.S.P.Q. 814 (Fed.Cir.1986)

The district court's finding that the patentee's claim of contributory infringement was weak but not frivolous or made in bad faith is not clearly erroneous. However, the patentee's arguments on appeal are frivolous and justify the imposition on the patentee and its counsel of joint and several liability for costs and attorney fees. The patentee distorted a quote from a case by omitting language and made no effort to distinguish case authorities cited by the district court.

Paper Converting Machine Co. v. Magna-Graphics Corp., 788 F.2d 1536, 229 U.S.P.Q. 480
(Fed.Cir.1986)

The filing of a dissenting opinion by one judge on a panel ‘tends to refute the idea that the [appellant] was so unreasonable as to render [an] appeal exceptional.’ The award of treble damages exceeds the patent owner's actual damages and should cover ‘counsel fees in whole or in major part.’

Refac International, Ltd. v. IBM, 790 F.2d 79, 229 U.S.P.Q. 712 (Fed.Cir.1986) *on reconsideration* 798 F.2d 459, 230 U.S.P.Q. 537 (Fed.Cir.1986).

(1) An attempt to appeal a nonappealable order was, under the circumstances, frivolous and warranted the imposition of joint and several liability for attorney fees and costs on appeal on the appellant and its counsel.

(2) On reconsideration, the award of costs and attorney fees should be vacated since the

‘argument that the appeal falls within one of the exceptions to the rule against appealing non-final orders can on reconsideration be said to fall just within the ragged edge of the penumbra surrounding legitimate advocacy.’

Kloster Speedsteel AB v. Crucible, Inc., 793 F.2d 1565, 230 U.S.P.Q. 81, 231 U.S.P.Q. 160 (Fed.Cir.1986)

(1) Since, on the record, the infringer's conduct must be found to be willful infringement, the district court's failure to award attorneys fees should be remanded in order that that court may exercise its discretion as to whether a fees award is appropriate.

(2) ‘Willfulness of infringement relates to the accused infringer's conduct in the marketplace. Because that conduct may be seen as producing an unnecessary and outcome-certain law suit, it may make the case so exceptional as to warrant attorney fees under § 285. Similarly, bad-faith displayed in pretrial and trial stages, by counsel or party, may render the case exceptional under § 285.’

(3) ‘A party who has obtained advice of competent counsel, or otherwise acquired a basis for a *bona fide* belief that a patent is invalid, can be said to serve the patent system in challenging that patent in a law suit conducted fairly, honestly, and in good faith. Such a party should not have increased damages or attorney fees imposed *159 solely because a court subsequently holds that belief unfounded, particularly when the issues may be fairly described as ‘close.’

A.B. Dick Co. v. Burroughs Corp., 798 F.2d 1392, 230 U.S.P.Q. 849 (Fed.Cir.1986)

The trial court did not abuse its discretion in declining to award attorney fees to the prevailing accused infringer even though the patentee had committed inequitable conduct in procuring the patent in suit.

Pacific Furniture Mfg. Co. v. Preview Furniture Corp., 800 F.2d 1111, 231 U.S.P.Q. 67 (Fed.Cir.1986)

The district court did not err in finding that the case was an exceptional one warranting an award of reasonable attorney fees.

Revlon, Inc. v. Carson Products Co., 803 F.2d 676, 231 U.S.P.Q. 472 (Fed.Cir.1986)

(1) The district court committed clear error in awarding attorney fees to the accused infringer who prevailed as to the invalidity of the patent.

(2) ‘Attorney fees are not to be routinely assessed against a losing party in litigation in order to avoid penalizing a party ‘for merely defending or prosecuting a lawsuit,’ . . . and are awarded to avoid a gross injustice.’

(3) ‘[T]he existence of any bad faith during proceedings before the P.T.O. failed to rise to the level of inequitable conduct.’

TVI Energy Corp. v. Blane, 806 F.2d 1057, 1 U.S.P.Q.2d 1071 (Fed.Cir.1986)

An award of attorney fees on appeal was not warranted as the appellant ‘has raised a colorable, albeit weak, argument that was not raised in bad faith.’

Bott v. Four Star Corp., 807 F.2d 1567, 1 U.S.P.Q.2d 1210 (Fed.Cir.1986)

‘In view of the finding of willful infringement, the discretionary award of attorney fees was entirely proper.’

Argus Chemical Corp. v. Fibre Glass-Evercoat Company, Inc., 812 F.2d 1381, 1 U.S.P.Q.2d 1971 (Fed.Cir.1987)

The district court did not improperly deny an award of attorney fees to the prevailing accused infringer even though the appeals court had found that the patent was unenforceable because of inequitable conduct in its procurement. The patentee conducted the suit in good faith, and ‘its failure to make the required disclosures to the patent office was the result of reliance upon an interpretation of the patent statutes believed at the time to be correct.’

D. BAD FAITH ENFORCEMENT

Argus Chemical Corp. v. Fibre Glass-Evercoat Company, Inc., 812 F.2d 1381, 1 U.S.P.Q.2d 1971 (Fed.Cir.1987)

(1) Under Ninth Circuit law, ‘to prevail in an antitrust claim based upon enforcement of an invalid or unenforceable patent, the litigant must establish that the patentee acted in bad faith in enforcing the patent because he knew that the patent was invalid.’

*160 (2) ‘The allegation by an accused infringer that the patent is invalid-an assertion frequently made by those charged with infringement-cannot be turned into evidence that the patentee knew the patent was invalid when it instituted an infringement suit.’

VII. COLLATERAL ESTOPPEL-LAW OF THE CASE

Ashland Oil, Inc. v. Delta Oil Products Corp., 806 F.2d 1031, 1 U.S.P.Q.2d 1073 (Fed.Cir.1986)

(1) The district court did not abuse its discretion in denying a patentee's motion for relief from a 1981 judgment that the patent was invalid despite the patentee's arguments that:

(a) the district court refused to consider evidence of commercial success on the ground that such evidence was relevant only in ‘close’ cases,

(b) subsequent Federal Circuit decisions establish that such evidence is relevant in every case, and

(c) the 1981 judgment would affect continuing litigation between the parties over the accused infringer's antitrust claims and could affect pending lawsuits with other parties over the same patents.

(2) ‘The rule in the Seventh Circuit is that a change in the law after entry of judgment does not alone justify relief under Fed.R.Civ.P. 60(b)(6).’

(3) 'Loss of money, possible or actual, does not necessarily require the undoing of a judgment entered before a change of law.'

(4) The change of law issue was mooted by the indication of the district court that it would have held the patents invalid even if it had considered the evidence of commercial success.

(5) It cannot be assumed 'that [the patentee], with access to the procedural safeguards of the judicial process, will suffer inequity in those lawsuits, or that other litigants will necessarily succeed in using the present judgment as a broad collateral estoppel against [the patentee], who may be able, if it sues on the claims here involved, to argue that it did not have a 'full and fair opportunity' to litigate those claims in this case.'

VIII. JURISDICTION AND REVIEW

A. SUBJECT MATTER JURISDICTION

[1] CASES ARISING UNDER THE PATENT LAWS-28 U.S.C. SECTION 1338(a)

Schwarzkopf Development Corp. v. Ti-Coating, Inc., 800 F.2d 240, 231 U.S.P.Q. 47 (Fed.Cir.1986)

(1) A complaint seeking to recover unpaid royalties allegedly due under a patent license agreement does not arise under the patent laws within the meaning of 28 U.S.C. Section 1338(a) even though patent-related defenses may be raised in the answer.

(2) A suit in which a patent claim is raised by a counterclaim (such as a counterclaim for a declaratory judgment of invalidity of the licensed patent) is based 'in part' on 28 U.S.C. Section 1338(a) since 'a counterclaim, with its own jurisdictional predicate, normally generates *161 its own responsive pleadings, and may remain in the suit even if the complaint is dismissed.'

(3) The appeal of an entire case in which a patent counterclaim appears normally lies within the exclusive appellate jurisdiction of the Federal Circuit. However, the Federal Circuit will not have jurisdiction if the patent counterclaim is dismissed without objection at the pleading stage.

In re Innotron Diagnostics, 800 F.2d 1077, 231 U.S.P.Q. 178 (Fed.Cir.1986)

(1) The Federal Circuit has jurisdiction over a case consolidating separate suits, one charging antitrust violations and another charging patent infringement.

(2) Such jurisdiction is present even if the second suit is viewed as in effect a patent infringement counterclaim: 'whether allegations of patent infringement be filed and maintained as a viable, non-

frivolous counterclaim in a non-patent case, or as a separate complaint which is then consolidated with the non-patent case, the district court's jurisdiction is based 'in part' on § 1338(a) and this court must exercise its exclusive appellate jurisdiction over the entire case.'

(3) The Federal Circuit 'will not have jurisdiction over an appeal from a district court judgment where the district court's jurisdiction was based solely on diversity, even though the case may involve interpretation, viability, and applicability of a patent license contract, and those determinations may require consideration of defenses raising patent validity and infringement issues.'

Wyden v. Commissioner of Patents and Trademarks, 807 F.2d 934, 231 U.S.P.Q. 918 (Fed.Cir.1986)

(1) The Federal Circuit has jurisdiction over an appeal from a judgment by the District Court for the District of Columbia denying a petition by a person who had been suspended from practice before the P.T.O. and who failed to obtain a passing grade on the P.T.O. registration examination, which was a condition of reinstatement.

(2) At least one of the petitioner's claims arises under Sections 31 and 32 of Title 35, which pertain to the registration of agents and attorneys to practice before the P.T.O. Section 32 is an 'Act of Congress relating to patents' within the meaning of 35 U.S.C. Section 1338.

(3) Upholding jurisdiction is appropriate in view of a ruling by the Court of Appeals for the District of Columbia that it does not have jurisdiction over appeals from such petitions.

Alco Standard Corp. v. Tennessee Valley Authority, 808 F.2d 1490, 1 U.S.P.Q.2d 1337 (Fed.Cir.1986)

Since 28 U.S.C. Section 1338(a) is the basis for a district court's jurisdiction over a suit under 16 U.S.C. § 831r against the T.V.A. for reasonable compensation for infringement of a patent, the Federal Circuit has jurisdiction over appeals in such suits.

Joy Manufacturing Co. v. National Mine Service Co., 810 F.2d 1127, 1 U.S.P.Q.2d 1627 (Fed.Cir.1987)

*162 Since Section 1338(a) is the basis for the jurisdiction of a district court over an action or motion to enforce an agreement settling a patent infringement suit filed in that court, the Federal Circuit has appellate jurisdiction over decisions on such actions and motions.

[2] DECLARATORY JUDGMENTS

Intermedics Infusaid, Inc. v. University of Minnesota, 804 F.2d 129, 231 U.S.P.Q. 653 (Fed.Cir.1986)

(1) The district court did not abuse its discretion in granting a stay of the plaintiff's action for a declaratory judgment of invalidity of a patent pending resolution of a state court suit by the patent owner against the plaintiff and others to collect patent license royalties.

(2) First, at the time of filing of the declaratory judgment suit, the state court suit was well

advanced.

(3) Second, in the state court suit, the plaintiff raised the issue of a royalty-free license, which, if sustained, might moot the declaratory judgment action.

(4) Third, the plaintiff deliberately elected not to assert the defense of patent invalidity in the state court suit (though, under *Lear v. Adkins*, it could have done so).

(5) Fourth, the plaintiff's actions in the state court suit may constitute a *res judicata* bar to litigating patent validity.

(6) Finally, there is no possibility of prejudice to the plaintiff by reason of duplicative or piecemeal litigation.

[3] APPEALS ON NONPATENT CLAIMS JOINED WITH PATENT CLAIMS

Eaton Corp. v. Appliance Valves Corp., 790 F.2d 874, 229 U.S.P.Q. 668 (Fed.Cir.1986)

The Federal Circuit has appellate jurisdiction over an entire case containing state law claims as well as a claim for patent infringement even though the patent claim was added by amendment to the pleadings after a court hearing on the other claims.

[4] EXCLUSIVE CLAIMS COURT JURISDICTION-USE BY OR FOR THE UNITED STATES GOVERNMENT-28 U.S.C. SECTION 1498

TVI Energy Corp. v. Blane, 806 F.2d 1057, 1 U.S.P.Q.2d 1071 (Fed.Cir.1986)

(1) A person who is bidding for a Government contract and who demonstrates a product as part of a Government procurement procedure is immune under 28 U.S.C. Section 1498 from a district court suit for patent infringement.

(2) Since the demonstration was required by the bidding procedure and the only purpose of such demonstration was to comply with such procedure, the use was 'for the United States.'

(3) 'Authorization and consent' was provided by the procurement procedures even though the Government did not issue an express 'authorization and consent' letter. It is not necessary that the consent 'absolutely require [the defendant] to infringe' a patent: 'To limit the scope of § 1498 only to instances where the Government requires by specification that a supplier infringe another's patent *163 would defeat the Congressional intent to allow the Government to procure whatever it wished regardless of possible patent infringement.'

(4) It is unnecessary to decide whether the patentee has a cause of action under Section 1498 based on the demonstration: "demonstration-infringement' was minimal at best.'

B. VENUE AND PERSONAL JURISDICTION-28 U.S.C. SECTION 1400(b)

Warner & Swasey Co. v. Salvagnini Transferica S.p.A., 806 F.2d 1045, 231 U.S.P.Q. 972 (Fed.Cir.1986)

(1) The district court properly dismissed the plaintiff's suit for patent infringement in view of a clause in the license agreement between plaintiff, as exclusive licensee, and defendant, as licensor, providing that '[a]ny suit brought by [licensor] shall be brought in Cleveland, Ohio; any suit brought by [licensee] shall be brought in Vicenza, Italy.'

(2) Even assuming that the clause only applies to actions based on a breach of the licensing agreement, it applies to the licensee's infringement suit since that 'action is ultimately based on alleged breach of the licensing agreement by [the licensor].'

C. APPEALABLE JUDGMENTS

Refac International, Ltd v. IBM, 790 F.2d 79, 229 U.S.P.Q. 712 (Fed.Cir.1986) *on reconsideration* 798 F.2d 459, 230 U.S.P.Q. 537 (Fed.Cir.1986)

An order separating for trial 31 'customer' defendants from six 'manufacturer' defendants is not appealable. An argument that the order effectively precludes the patentee from obtaining an injunction against the separated defendants in view of the fact that the patents will expire in two years is specious since (1) the order allows the patentee to use discovery to determine whether any separated defendants are manufacturers, and (2) all separated customer defendants agreed to be bound by any injunction.

Majorette Toys (U.S.) Inc. v. Darda, Inc., 798 F.2d 1390, 230 U.S.P.Q. 541 (Fed.Cir.1986)

A judgment declaring the patents in suit valid and infringed, granting injunctive relief and damages, and awarding attorney fees and costs is appealable even though the judgment did not quantify the attorney fees or costs.

Chaparral Communications, Inc. v. Boman Industries, Inc., 798 F.2d 456, 230 U.S.P.Q. 535 (Fed.Cir.1986)

(1) 'The adjudication of fewer than all the claims in a multi-claim action in the district court is not final unless the district court makes an express determination under Rule 54(b) that there is no just reason for delay and an express direction for the entry of judgment.'

(2) For a ruling on a motion for summary judgment to constitute an appealable grant or denial of a preliminary injunction, the district judge 'must be alerted in some manner that he may be required to pass on injunctive relief indirectly.'

Rigaku Corp. v. Ferrofluidics Corp., 800 F.2d 1115, 231 U.S.P.Q. 139 (Fed.Cir.1986)

*164 Denial of an order prohibiting a party from consulting with a particular individual regarding the subject matter of the suit is not the denial of an 'injunction' within the meaning of 28 U.S.C. Section 1292(a)(1), which allows an immediate appeal from a district court order refusing an injunction. *DMI, Inc. v. Deere & Co.*, 802 F.2d 421, 231 U.S.P.Q. 276 (Fed.Cir.1986)

No appeal will lie as to a jury verdict of infringement when the patent was held invalid and no judgment was entered on the verdict of infringement.

Senza-Gel Corp. v. Seiffhart, 803 F.2d 661, 231 U.S.P.Q. 363 (Fed.Cir.1986)

‘A denial of summary judgment is not only not a ‘final judgment’, and not appealable, it is not a judgment at all. It is quite simply and solely a determination that one or more issues require a trial.’
Intermedics Infusaid, Inc. v. University of Minnesota, 804 F.2d 129, 231 U.S.P.Q. 653 (Fed.Cir.1986)

(1) ‘The cases are legion that where a court simply stays its own proceedings, generally that type of order is not appealable . . . [T]his general proposition has been held to apply where the reason for the stay is to await the decision in an earlier filed state court case between the parties.’

(2) A stay order may be reviewed when it is related to an appealable denial of a request for an injunction against a state court suit. ‘Whether an appellate court exercises . . . [the] doctrine of pendent jurisdiction at the appellate level’ is a matter of discretion.’

King Instrument Corp. v. Otari Corp., 814 F.2d 1560, 2 U.S.P.Q.2d 1201 (Fed.Cir.1987)

A ‘modified judgment’ of a district court providing for immediate execution on a portion of the damage award and granting a permanent injunction as to the sale of machines and spare parts is an appealable final judgment even though the issue of damages for sale of spare parts is still pending in the district court.

Truswal Systems Corp. v. Hydro-Air Engineering, Inc., 813 F.2d 1207, 2 U.S.P.Q.2d 1034 (Fed.Cir.1987)

An order quashing a deposition subpoena issued to a nonparty entered in a supplementary proceeding brought in one district to obtain evidence for use in an action pending in another is final and appealable.

D. CHOICE OF LAW ON NONPATENT ISSUES BEFORE THE FEDERAL CIRCUIT

Chemical Engineering Corp. v. Essef Industries, Inc., 795 F.2d 1565, 230 U.S.P.Q. 385 (Fed.Cir.1986)

An award of expenses for failure to admit a fact under Rule 37(c) of the Federal Rules of Civil Procedure does not have a direct bearing on the outcome of patent issues. Therefore, in reviewing district court actions on such awards the Federal Circuit will follow the law of the particular regional circuit court where appeals from the district court would normally lie.

*165 *Mainland Industries, Inc. v. Standal's Patents Ltd.*, 799 F.2d 746, 230 U.S.P.Q. 772 (Fed.Cir.1986)

‘Application of the rules of evidence is a procedural matter and under Ninth Circuit law remains within the discretion of the trial judge.’ The trial judge did not abuse his discretion in allowing admission of a videotape deposition of the inventor made in Canada shortly before his death.
In re Innotron Diagnostics, 800 F.2d 1077, 231 U.S.P.Q. 178 (Fed.Cir.1986)

(1) In deciding whether the trial court erred in separating for trial (a) patent validity and infringement issues from (b) ‘patent type antitrust’ counterclaims (such as ‘enforcement of patent known to have been obtained through inequitable conduct’ or ‘tie-in with the patent of unpatented products’), the Federal Circuit will provide its own guidance rather than follow that of the regional courts of appeal.

(2) While the Federal Circuit lacks ‘supervisory authority’ over the district courts, such authority being the sole province of the regional circuit and its Circuit Council, it does have authority over matters that ‘directly implicate, or are intimately bound up with and controlled by . . . the patent . . . doctrinal jurisprudential responsibilities’ of the Federal Circuit.

(3) ‘The provision of uniform guidance on just and expeditious resolution of patent validity and infringement issues, by separation for trial of complex, time-consuming, costly, and potentially moot antitrust issues, is clearly within the congressionally envisioned role of this court, i.e., to contribute to doctrinal stability in the field of patent law.’

Gemveto Jewelry Co., Inc. v. Jeff Cooper Inc., 800 F.2d 256, 230 U.S.P.Q. 876 (Fed.Cir.1986)

Under the Supreme Court's *Sears* and *Compco* decisions, the copying of an article itself that is unprotected by the federal patent and copyright laws cannot be prevented by state law. In issuing a final order granting an injunction based on the defendant's engaging in unfair competition under New York law, the trial court erred by failing ‘to specify the offensive marketing techniques and acts of palming-off to be enjoined.’

Cornwall v. U.S. Construction Manufacturing, Inc., 800 F.2d 250, 231 U.S.P.Q. 64 (Fed.Cir.1986)

In resolving a dispute involving Rule 15 and the propriety of a district court's refusal to allow an amendment to the defendant's answer to add the affirmative defense of invalidity of the patent, the Federal Circuit will apply the discernable law of the Eleventh Circuit.

Digital Equipment Corp. v. Emulex Corp., 805 F.2d 380, 231 U.S.P.Q. 779 (Fed.Cir.1986)

‘In procedural matters such as [the propriety of granting a preliminary injunction without a hearing, findings of fact or statement of reasons], [the Federal circuit] look[s] to the law of the regional circuit where appeal from the district court would normally lie. . . . However, where that circuit has not spoken on a particular point and it is unclear *166 what view that court would take, [the court] may look to other circuits for guidance.’

Truswal Systems Corp. v. Hydro-Air Engineering, Inc., 813 F.2d 1207, 2 U.S.P.Q.2d 1034 (Fed.Cir.1987)

A determination of the relevance of information sought through discovery under Rule 26 of the Federal Rules of Civil Procedure implicates the substantive law of patent validity and infringement. Hence, Federal Circuit law, rather than the law of the regional circuit, is followed in assessing such relevance.

Argus Chemical Corp. v. Fibre Glass-Evercoat Company, Inc., 812 F.2d 1381, U.S.P.Q.2d 1971 (Fed.Cir.1987)

The law of the regional circuit applies to the issue of whether the *Walker Process* doctrine, which allows antitrust damage counterclaims based on fraudulent procurement of the patent in suit,

should be extended to instances of inequitable conduct short of intentional fraud.
S and T Manufacturing Co. v. County of Hillsborough, 815 F.2d 676, 2 U.S.P.Q.2d 1280 (Fed.Cir.1987)

Whether an agreement settling a patent infringement suit has been reached is a non-patent issue governed by the law of Eleventh Circuit from which the appeal arose.

E. STANDARD OF REVIEW

Kloster Speedsteel AB v. Crucible Inc., 793 F.2d 1565, 230 U.S.P.Q. 81, 231 U.S.P.Q. 160 (Fed.Cir.1986)

‘The role of this court on appeal from a judgment of a district court is not that of an examiner considering a claim in an application in light of the prior art.’
Mannesmann Demay Corp. v. Engineered Metal Products Co., Inc., 793 F.2d 1279, 230 U.S.P.Q. 45 (Fed.Cir.1986)

The threshold question of claim interpretation is, on appeal, reviewed for legal correctness. The application of the claim to the accused structure is a matter of fact, reviewed for clear error.
Moleculon Research Corp. v. CBS, Inc., 793 F.2d 1261, 229 U.S.P.Q. 805 (Fed.Cir.1986)

An issue of lack of utility of an invention claimed in a patent is reviewed as a question of fact. An issue of lack of enablement in the patent specification to support a claimed invention is reviewed as a question of law.
In re Jerabek, 789 F.2d 886, 229 U.S.P.Q. 530 (Fed.Cir.1986)

The ‘clearly erroneous’ test of appellate review applies to factual determinations by the P.T.O. Board of Appeals (including the factual issues of materiality and intent pertinent to rejection of a reissue application for inequitable conduct in the original prosecution of the patent).
Medtronic, Inc. v. Daig Corp., 789 F.2d 903, 229 U.S.P.Q. 664 (Fed.Cir.1986)

While Rule 52(a) does require specific fact findings to be stated, the rule is not so severe as to require the trial judge to articulate every *167 imaginable permutation and combination of prior art teachings. It is presumed that a fact finder reviewed all the evidence presented.
Rolls-Royce Ltd. v. GTE Valeron Corp., 800 F.2d 1101, 231 U.S.P.Q. 85 (Fed.Cir.1986)

(1) ‘The drawing of inferences, particularly in respect of an intent-implicating question such as willfulness [of infringement], is peculiarly within the province of the fact finder that observed the witnesses.’

(2) ‘To carry its burden on appeal, [appellant] must show that the district court's ultimate fact findings in respect of anticipation and infringement were clearly erroneous, or that the district court's legal conclusions in respect of non-obviousness and unenforceability were erroneous, or that the fact findings underlying the ultimate findings or conclusions were clearly erroneous.’

(3) ‘If an appellant could establish clear error in a district court's findings, i.e., in the court's view

of apparently conflicting evidence, by merely citing a contrary view advocated at trial by appellant's expert, the fact finding role of the district court would be rendered meaningless.' *Pacific Furniture Mfg. Co. v. Preview Furniture Corp.*, 800 F.2d 1111, 231 U.S.P.Q. 67 (Fed.Cir.1986)

Fact findings by the P.T.O. Board of Patent Appeals and Interferences on conception, actual reduction to practice, and derivation must be reviewed under the clearly erroneous standard. *Denen v. Buss*, 801 F.2d 385, 231 U.S.P.Q. 159 (Fed.Cir.1986)

The underlying fact findings by the P.T.O. Board of Patent Appeals and Interferences as to conception, actual reduction to practice, and derivation must be reviewed under the clearly erroneous standard.

In re King, 801 F.2d 1324, 231 U.S.P.Q. 136 (Fed.Cir.1986)

Anticipation is a fact question subject to review under the clearly erroneous standard. Appellate review of a finding of anticipation is the same whether it was made by the P.T.O. Board of Appeals or by a district court.

Hybritech Inc. v. Monoclonal Antibodies, Inc., 802 F.2d 1367, 231 U.S.P.Q. 81 (Fed.Cir.1986)

'Reduction to practice, and conception as well, as a legal determination subject to review free of the clearly erroneous standard.' The likelihood of clear error in trial court findings increases when that court adopts verbatim the findings proposed by one party, particularly those proposed before trial. *Preemption Devices, Inc. v. Minnesota Mining & Mfg. Co.*, 803 F.2d 1170, 231 U.S.P.Q. 297 (Fed.Cir.1986)

The clearly erroneous standard applies to findings of civil contempt where the correct legal standards for a contempt proceeding are applied.

Paperless Accounting, Inc. v. Bay Area Rapid Transit Sys., 804 F.2d 659, 231 U.S.P.Q. 649 (Fed.Cir.1986)

*168 'The issue of support for claims in the specification as required by § 112 is a question of law . . . but it is dependent on underlying factual and legal findings. . . .'

Carella v. Starlight Archery, 804 F.2d 135, 231 U.S.P.Q. 644 (Fed.Cir.1986)

(1) 'For this court to reverse the judgment of the district court [that the patent claims at issue are not invalid under the requirement of nonobviousness], we must be convinced not only that the district court engaged in a faulty analysis in applying the law to the facts, but also that a correct application of the law to those facts would bring a different result.'

(2) 'The pertinency of information withheld from the examiner by an applicant is a question of fact and, as such, is subject to review under the clearly erroneous standard.'

Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F.2d 1565, 1 U.S.P.Q.2d 1081 (Fed.Cir.1986)

'To convince this court that a trial judge erred in granting a motion for JNOV, an appellant need only show that there was substantial evidence to support the jury's findings and that those findings can support the jury's legal conclusion.'

Custom Accessories, Inc. v. Jeffrey-Allan Industries, Inc., 807 F.2d 955, 1 U.S.P.Q.2d 1196 (Fed.Cir.1986)

‘If, on review of a determination of obviousness, an appellant shows that the district court incorrectly applied the law, we will not reverse (*i.e.* hold that defendant below failed to prove obviousness) unless appellant also convinces us that a proper application of the law to undisputed facts would change the result. Sometimes, however, an appellant will convince us that the law was incorrectly applied, but there are inadequate findings by the district court to enable us to determine independently whether defendant below did or did not prove that the invention would have been obvious In such circumstances, rather than find material facts ourselves, we must remand to allow the district court to do so.’

Panduit Corp. v. Dennison Mfg. Co., 810 F.2d 1561, 1 U.S.P.Q.2d 1593, 1595, 1603 (Fed.Cir.1987)

(1) ‘To obtain reversal without remand [of a district court judgment holding patent claims invalid for obviousness], an appellant-patentee must convince this court that the patent challenger failed at trial to carry its statutory burden, 35 U.S.C. § 282, of proving by clear and convincing evidence sufficient facts to support the obviousness conclusion. One way to do that is to show that a proper application of the law to unassailable findings compels reversal. Another is to show that the findings on which the obviousness conclusion rested are clearly erroneous and that nothing of record warrants a further exercise of the fact-finding function or indicates any possibility that the appealed judgment might be sustained by such exercise.’

(2) ‘When the sole error lies in claim interpretation, a remand for comparison of the prior art with properly interpreted claims is required.’

*169 *Verdegaal Brothers, Inc. v. Union Oil Company of California*, 814 F.2d 628, 2 U.S.P.Q.2d 1051 (Fed.Cir.1987)

(1) To reverse a district court's denial of a motion for judgment *nov* the appellant must convince the appeals court that ‘either the jury's factual findings are not supported by substantial evidence, or, if they are, that those findings cannot support the legal conclusions which necessarily were drawn by the jury in forming its verdict.’

(2) ‘Substantial evidence’ is ‘such relevant evidence from the record taken as a whole as a reasonable mind might accept as adequate to support the finding under review.’

(3) The jury's verdict that the patent claim in suit was not anticipated was not supported by substantial evidence.

IX. OWNERSHIP AND TRANSFER OF PATENT RIGHTS

Heinemann v. United States, 796 F.2d 451, 230 U.S.P.Q. 430 (Fed.Cir.1986)

(1) The administrative determination of the ownership of patent rights in inventions by federal employees under Executive Order 10096 is subject to judicial review under the Administrative Procedure Act. Such review is governed by the 'arbitrary or capricious' standard.

(2) Order 10096 supercedes the common law standard of property rights that previously controlled, is not contrary to statute, and does not constitute a taking of property in violation of the due process clause of the Constitution.

*170 PROFESSOR CHISUM: Question? 'From what I have been able to glean from *Texas Instruments v. International Trade Commission*, if the calculators in question had pre-dated the patent, they would have anticipated the claims discussed. Is this true? If so, why no infringement? That which is prior anticipates if later infringes, supposedly a maxim of patent law.' Is that a question?

I agree. Supposedly, if the claims were interpreted-well, nice question.

UMC Electronics was a case I mentioned in my opening remarks. On April 15, I think, the court indicated that a device falling within the scope of the claims in the patent later issued need not have been reduced to practice in an interference sense in order for it to be 'on sale.' In the facts of the particular case, the patentee had made a bid, at a specified price, for a government contract to provide a certain specified device. It never had actually built one as of that point in time. So with that background, the question is, 'In *UMC Electronics* very little guidance is given to the Bar as to what commercial activity will constitute an offer for sale. The court seems pleased that it has refused to come up with hard and fast rules. Why not a few hard and fast rules? At least some rules to make it clear to patentees when they should be wary?'

Well, you should read the *UMC Electronics* case very, very carefully. There are some qualifications. It is true the court held that a technical reduction to practice was not necessary, but it has some cautionary language that I think can provide some very real guidance as to when you have an 'on sale bar' and when you do not.

But it is also true that the court disclaims hard and fast rules, and I agree with the question that there are many circumstances where bright lines and clear guidance are useful, even though in some circumstances, they may appear to be arbitrary.

'Could *Texas Instruments* have been a reversed doctrine of equivalence decision? If so, why not mention it?' One possibility is that the court had already held in the *SRI v. Matsushita* [775 F.2d 1107, 227 U.S.P.Q. 577] case that the reverse doctrine of equivalence is a question of fact, so you would need a factual finding that the accused devices do not operate in substantially the same way as a predicate for holding non-infringement based on reverse equivalence. So, as far as I can tell, that decision wasn't before the court, because there wasn't a fact finding to that effect. But a personal opinion I have from reading the opinion is that it was not an instance of reverse doctrine of equivalence. After all, the accused devices were pocket calculators.

MR. DAVIS: Any other questions? That is all we have got time-here we go.

PROFESSOR CHISUM: '*Moleculon* [793 F.2d 1261, 229 U.S.P.Q. 805] holds that an

assignment is not a sale under Section 102. What about an exclusive license? Is it a sale under Section 102?' The *Moleculon* case interpreted of course, the Section 102(b) bar about the invention being 'on sale.' The court said that that normally means an embodiment of *171 the invention rather than the patent rights of the inventor. I would like to think about that question, but preliminarily I would think that there wouldn't be a significant difference between an outright assignment and an exclusive license.

'Assuming you agree that the Federal Circuit is slowly but continuously 'liberalizing' [and that is in quotations] the prior strict application of file wrapper estoppel to preclude application of the doctrine of equivalence, how does the TI case fit into this trend?'

I really would have liked to hear the Chief Justice's remarks about the nuances of file wrapper estoppel. Nobody bothered to tell him it is not 'file wrapper estoppel' anymore. It is 'prosecution history estoppel.'

Prosecution history estoppel as such is not discussed in the *Texas Instruments* case, as I recall. In fact, the court simply points out that there was nothing done during the prosecution that would have precluded the doctrine of equivalents and that the important function played by claim language in determining the scope of patent rights must be preserved at some point. So it is a balancing case, in a sense retarding the trend that you may have seen in prior decisions expanding the doctrine of equivalents. But I don't see it directly pertaining to prosecution history estoppel.

MR. DAVIS: Again, thank you, Don. (Applause)