

## FEDERAL CIRCUIT DECISIONS FOR WEEK ENDING March 22, 2013

### **Phillip M. Adams & Associates, LLC v. ASUS Computer International, Inc. (March 18) (non-precedential) (3-0) Patent No. 5,983,002**

#### **Key point(s):**

- A certification test performed on a product is not used to “make” the product, and thus, process claims directed to the certification test are not infringed under 35 U.S.C. § 271(g) when the product is imported into the U.S.

**Facts/Background:** Floppy disk controllers (FDC) are responsible for data transfer to and from a floppy diskette and must transfer data at a specified rate so that the data is written to the correct location on the spinning diskette. If the rate fails to match up with the correct location on the diskette, the FDC issues an underrun error and aborts the write operation. However, some FDCs suffer from a defect where they write the last byte onto the diskette at the wrong location without detecting the underrun error. The ‘002 Patent includes claims for detecting a defective FDCs by intentionally delaying the last byte from being written to the diskette, thereby creating an underrun error. If the FDC does not identify the underrun error (*i.e.*, the FDC controller writes the delayed byte onto the diskette), then the FDC is defective. Phillip M. Adams & Associates (PMAA) filed suit against ASUS (among others), and a jury found that ASUS infringed various claims of the ‘002 Patent. The district court denied ASUS’s motion for JMOL and ASUS appealed.

**Holding:** The Federal Circuit held that the district court erred in denying ASUS’s motion for JMOL of noninfringement. PMAA argued that the jury’s verdict of infringement could be supported by either (1) evidence that ASUS executed a verification program in the U.S. for determining whether a particular FDC on its motherboards was defective or (2) evidence of ASUS performing certification testing of its motherboards before importing the motherboards into the U.S. As to the former, the evidence showed that the verification program was only executed in the year 2000. However, 35 U.S.C. § 256 forbids recovery for any infringement committed more than six years prior to the filing of the complaint or counterclaim for infringement. PMAA could not recover for infringing acts taking place before May 3, 2001, and the evidence did not support a determination of subsequent infringement. As to the latter, PMAA never provided testing reports that would prove the motherboard certification tests infringed the ‘002 Patent. Moreover, even if the test could be assumed to have infringed the claims, the motherboards were not “made by” the certification test. 35 U.S.C. § 271(g) requires the imported product to be “made by a process patented in the United States” to be liable for infringement. Because the certification test was not part of the process to “make” the motherboards, PMAA could not show that ASUS’s importation of the motherboards into the U.S. constitutes infringement under § 271(g). Accordingly, the Federal Circuit reversed the district court and granted the JMOL of noninfringement.

**BASF AGRO B.V. v. Makhteshim Agan of North America., Inc. (March 20) (non-precedential) (3-0) Patent Nos. 6,414,010 and 6,835,743**

**Key point(s):**

- Disclaimers made during patent prosecution must be precisely defined or they may be construed more broadly than intended during claim construction.

**Facts/Background:** BASF owns the '010 Patent and the '743 Patent (collectively, “the Kimura patents”) which are directed to methods of applying an insecticide around or under a building at discrete locations. When doing so, the perimeter of the building includes treated sections as well as untreated sections through which insects may pass without contacting the insecticide (also called a “loophole”). During prosecution, the Examiner rejected the method claims based on a reference that taught applying insecticide at discrete locations around a building which vaporizes to create a barrier around the building. In response, BASF argued that the claims required applying the insecticide such that the boundary of the building includes these loopholes while the cited reference taught forming a complete barrier. Based on these remarks, the Examiner allowed the Kimura patents. BASF then filed suit against Makhteshim Agan (MANA) which sells an insecticide with instructions to apply the product to form a continuous treatment zone along the exterior of the building. The instructions also state that a continuous treatment zone in the interior of the building is unnecessary and targeted treatments based on visual termite activity are sufficient. BASF asserted that MANA’s interior treatment infringes the method claims of the Kimura patents. During the *Markman* process, the district court found that BASF disclaimed all applications of the insecticide where a barrier was formed, and thus, MANA did not infringe since the insecticide’s label instructed the consumer to form a barrier around the exterior of the building.

**Holding:** The Federal Circuit affirmed the district court’s claim construction and finding of noninfringement. BASF argued on appeal that it disclaimed application of the insecticide where a complete barrier was formed both *around* a building and *under* the building – i.e., at all points of entry. Because MANA’s instructions did not require forming a barrier *under* the building, then the disclaimer would not apply and the interior application would infringe the method claims. The Court held, however, that the claims and the specification did not define a complete barrier as both around and under the building. Additionally, the remarks made during prosecution did not specifically disclaim only barriers formed around and under the building. Accordingly, the Court held that the BASF disclaimed all applications that formed a barrier, and thus, MANA did not infringe the claims of the Kimura patents.

**Abbott Laboratories v. Cordis corporation (March 20, 2013) (precedential) (3-0) Patent Nos. 6,746,773 and 7,591,844**

**Key point(s):**

- 35 U.S.C. § 24 only empowers a district court to issue subpoenas for use in a proceeding before the PTO if the PTO's regulations authorize parties to take depositions. Thus, section 24 subpoenas are not available in *inter partes* reexamination proceedings.

**Facts/Background:** Cordis brought a suit against Abbott alleging infringement of the '773 Patent and the '844 Patent. Abbott then asked the PTO to initiate *inter partes* reexaminations of the two patents. The PTO agreed to reexamine the '844 Patent and issued an initial office action rejecting all the claims as obvious. Cordis responded with an expert affidavit asserting the existence of secondary consideration of nonobviousness including that Abbot had copied the '844 Patent. The Examiner was not persuaded and noted that Cordis did not provide any evidence of copying. In response, Cordis requested from the district court, and was granted, two subpoenas under 35 U.S.C. § 24 for use in the pending PTO reexaminations to help establish the existence of copying. At the same time, Cordis filed petitions with the Director of the PTO inquiring whether § 24 permits courts to issue subpoenas for *inter partes* reexamination. The PTO denied Cordis's petitions and stated that § 24 subpoenas are not permitted by the *inter partes* reexamination statute. Based on the PTO's denial, a magistrate judge quashed Cordis's subpoenas. Cordis appealed.

**Holding:** The Federal Circuit affirmed the magistrate judge's ruling and held that § 24 subpoenas are only permitted in PTO proceedings if the PTO's regulations authorize parties to take depositions. The Federal Circuit stated that a "contested case" as defined in § 24 is a proceeding for which testimony may be taken for use before the PTO. After evaluating the legislative history and other circuits' jurisprudence, the Federal Court concluded that § 24 only empowers district courts to issue subpoenas in proceedings for which the PTO has authorized parties to present evidence by means of depositions. The only PTO regulations providing depositions in patent proceedings, however, apply to interferences, derivation proceedings, and the new Board proceedings created by the AIA. Because the PTO's regulations do not permit parties to take depositions in *inter partes* reexaminations, the Federal Circuit held that § 24 subpoenas are not available in *inter partes* reexamination proceedings.

**Anvik Corporation v. Nikon Precision, Inc. (March 22, 2013) (non-precedential) (3-0) Patent Nos. 4,924,257, 5,285,236, and 5,291,240**

**Key point(s):**

- When a patent application does not provide a specific apparatus for performing the claims, if an inventor cannot provide examples of other optimum systems for performing the claimed invention when asked about the best mode, his statement is not necessarily an admission that the inventor purposely intended to hide the best mode.

**Facts/Background:** Anvik brought suit against a number of defendants (collectively referred to as Nikon) alleging infringement of the '257 Patent, '236 Patent, and the '240 Patent which shared the same inventor – Dr. Jain. These patents included claims directed to photolithography systems used to make electronic products such as liquid crystal display panels. Each patent claims an illumination subsystem which has a source plane in the shape of a polygon and capable of uniformly illuminating a polygon-shaped region on a mask. A separate patent, No. 5,059,013 (the '013 Patent) – filed by Dr. Jain before the allegedly infringed patents claims an illumination system producing a light beam that could be used in lithography systems such as those claimed in the '257, '236, and '240 Patents. During a deposition, Dr. Jain testified that there were many variations among illumination methods that could provide uniform hexagonal illumination on the substrate and that the method of the '013 patent certainly is not the only optimum method but stated that he could not recall what the other methods were. Dr. Jain also stated that the illumination system in the '013 patent most likely was the best that he had thought of at the time of filing. The district court explained that it regarded Dr. Jain's testimony as amounting to an admission that '013 patent was better than anything in the prior art and anything of which he was aware. Accordingly, the district court granted Nikon's summary judgment motion that the '257, '236, and '240 Patents were invalid for failing to satisfy the best mode requirement.

**Holding:** The Federal Circuit reversed and remanded. The Federal Circuit noted that the district court's ruling turned on its finding that Dr. Jain lacked credibility. However, determining credibility is typically the task of the fact-finder, and the facts here are not so extreme as to fall outside this general rule. Moreover, the appellate court reasoned that Dr. Jain's inability to identify other suitable illumination systems could be interpreted that Dr. Jain, at the time of his deposition, could not recall the details of any those methods, not that he never knew of alternative illumination systems. Further, the Federal Circuit held that the district court improperly ignored a declaration from an expert that the methods in the 257, '236, and '240 Patents can be practiced using many different types of illumination systems. Accordingly, the Federal Circuit held that the finder of fact would not be required to find clear and convincing evidence that Dr. Jain believed the illumination system of the '013 patent was the best mode for practicing the inventions of the asserted claims.