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# United States

## Reaching the summit — prevailing at the Federal Circuit

In 1953, Sir Edmund Hillary and Sherpa Tenzing Norgay were the first to scale Mount Everest, the highest mountain on earth. The path to the top of Mount Everest is a notoriously difficult and dangerous journey. While Hillary was a skilled mountaineer, Sherpa Norgay provided a deep understanding of the mountain gained from generations of his people living on the mountain. An ascent of Mount Everest requires rigorous preparation, knowledge of the mountain, a complement of tools needed for every stage and a wealth of experience to respond to the unexpected. Hillary and Norgay leveraged their collective knowledge, tools and experience to accomplish what had never been accomplished before.

Intellectual property (IP) is an integral part of any business strategy, impacting market decisions, company differentiation and positioning. IP drives revenue, market share and shareholder value. Protecting and enforcing the company's intellectual property by prevailing at the Federal Circuit Court of Appeals is akin to reaching the summit of Everest. The path is notoriously difficult and dangerous, but the prize justifies the risks. A judgment of patent infringement can cause great harm to infringing companies and may result in an award of damages so large that the infringing company cannot survive. Failure can be devastating. The asserted patents can be found not to have been infringed, or worse, invalid or unenforceable. Like climbing Everest, success before the Federal Circuit requires knowledge of the terrain, necessary tools for every stage and a wealth of experience to respond to the unexpected. It is a serious undertaking, with much in the balance.

Critical, make-or-break decisions of infringement and validity, including claim construction, are made at the summit of the Federal Circuit. Like mountain climbing, the journey begins much earlier, with the production of a strategic patent portfolio, beginning with strategically considered and well-written patent applications. The path to the final climb includes many pitfalls and surprises, such as newfound prior art and rule changes, and also alternative routes and switchbacks, such as re-examination and continuation practices. Like Hillary and Norgay's famous climb of Mount Everest, companies today can take strategic aim at achieving their goals for a patent appeal at the Federal Circuit. Preparations are made, knowledge and tools are assembled and experience is leveraged to enhance the possibility of success.

### **The patent application – pack your bags**

What to take on the climb? Start with a strategically drafted and managed portfolio of patents that fully exploits the company's commercial products and processes, and that also provides specific barriers to competition. A sound patent portfolio is analogous to the climber's physical conditioning – just as you cannot begin to climb until you are in good condition, you cannot begin an appeal with patents that are not well drafted and prosecuted and that have not also managed to survive the assault of utility, enablement, written description, prior art and other challenges.

Preparing sound patent applications is akin to the mountain climber packing for the climb. Gather all the tools that might possibly be needed for every stage of the ascent. Be sure to include patent claims drafted to protect features that differentiate the company's products from others in the marketplace. Patent claims define the limits of how a patent can be enforced against competitors. To reach the pinnacle of the mountain, these claims should be robust. They should proceed smoothly through the Patent and Trademark Office (PTO) during the application process, withstand the travails of claim construction in litigation, survive shifts in the law over time and ultimately protect a revenue stream.

Robust claims require a well-crafted patent specification for support. An all-inclusive patent specification describes and enables features that differentiate your products, not only as these features exist at time of drafting, but also as they may evolve during the product's expected changes. For example, account for considered technology advances or consumer trends as the specification is drafted. Anticipate and account for competitor responses to your products and your patents in the application. Fill the specification with multi-layered definitions and begin descriptions with broad, general principles, building up layers of structure and functionality for the described products. Narrowly detail particular and illustrated embodiments. Carefully create specific definitions for key claim terms that can survive the test of time and stretch to anticipated and enabled claim scope. In the end, the patent specification serves as a means to equip a patent backpack with necessary tools to overcome various difficulties encountered during the climb.

One powerful tool that is often forgotten is the continuation application. Strategically filed continuations can keep a patent application pending before the PTO while technology is maturing and while other patents in the portfolio are being assaulted during the climb. Continuation applications can help protect product differentiation that shifts over time, provided support for the shifts can be found in the specification

as drafted. Importantly, pursuit of new claims in continuations can keep up with competitive response in the market. Craft your patent specifications to contain useful gems, mined along the way as needed to address the pitfalls of the climb in a continuation application. Throw at least one in your bag – you may need it.

### **Remedial measures – slips, falls and other calamities**

Bags packed with a portfolio of solid patents, you are ready for the journey. Climbing Everest, your path may be blocked by a large crevasse with no apparent means of crossing. Reaching into his pack, your Sherpa reveals a collection of ropes and poles and begins to strategically build a bridge over the crevasse. Similarly, in your climb to a successful Federal Circuit appeal, a series of strategic procedures can help remedy pitfalls encountered during prosecution of patent applications, confirm validity of patent claims and test an opponent's strength. Reissue, re-examination and interference proceedings at the PTO, as well as non-US opposition proceedings, can strategically build bridges to overcome patent defects and deflect patent claims of another that get in your way.

Issued patent claims might be found inoperative or invalid along the climb. You might be unsure if the claim scope would survive litigation's challenges. Without successful resolution of such pitfalls, your trek up the mountain would end. While reissue cannot eliminate admissions made in the prosecution record, claims can be added and modified in the procedure. New or changed claims can explicitly cover a new product (yours or your competitor's), provided support is found in the specification. Reissue can reduce some risk during patent litigation. Because reissue is an *ex parte* proceeding, it is not subject to attack by an adversarial litigant or subject to claim construction by a district court.

If you are accused of patent infringement, calling for re-examination of the competing patents can keep the competing climber from crossing the crevasse. Re-examination requires a substantial new question of patentability, for example, a new reference that was not considered by the PTO in the same way. The patent office decides patentability with a lower standard than a validity challenge in court, so your chances of inhibiting your accuser's climb may be greater at this level. Successful re-examination may cause limitation of the competitor's claim scope or complete cancellation of the patent in view of the new prior art.

As a patent owner, re-examination can be a pre-emptive measure. While staying litigation, the patentee can neutralise prior art cited by the accused infringer in a re-examination

proceeding. In such case, re-examination can initiate an avalanche to fill in the crevasse altogether.

Interference resolves priority disputes between similar patent claims of two issued patents or of issued and pending claims. Interference is declared by the PTO when an application contains the same patentable invention as that of an unexpired patent. Like a race between two climbing teams to reach a coveted mountain base camp having the best shielded location for the night, interference is a race for the same patent rights. Importantly, the interference proceeding permits issues of patent validity to be raised as well as the priority contest. Consequently, you can use interference to invalidate a competitor's patent claims, provided your patent specification contains the gems to enable claims to the same patentable invention as the competitor's claims.

While not binding on US courts, opposition proceedings in non-US jurisdictions (eg, EPO) can be used to tighten your ropes. Test the strength of a new prior art against the European counterpart of a US patent in an opposition. See how the EPO construes the meaning of the claims. Although the opposition does not stay US litigation and is not binding on the US Courts, patentees do make admissions and other statements about their invention in opposition proceedings that can provide evidence for later US litigation that might be particularly helpful for US claim construction issues. Your journey to the top might find any one of these tools to be useful. Be sure to have them handy and consider using them along the way as unexpected challenges arise.

#### **District court – the climb**

Your ascent up Everest continues. So does the evaluation of your patent portfolio and your product position in the marketplace. Leverage your Sherpa's resources to understand strengths and weaknesses of patent claims available in your backpack, including any limitations arising from prosecution history or litigation. Ideally, your backpack contains not a single patent, but a substantial and strategic portfolio of related US and foreign patents. Each patent in the portfolio provides evidence for the court in determining how to interpret (construe) each claim for litigation. Know and understand the value of the contents of your patent backpack *before* reaching the Khumbu Icefall. Knowing these strengths and weaknesses, you are better prepared to negotiate the Icefall's treacherous snow and ice.

Patent prosecution, including the available remedial measures, provides a means to perfect patent claims in preparation for litigation. Remember, additional tools in your backpack remain at

your disposal. Even during litigation, consider whether any post-issue remedial measures such as reissue or re-examination might be used or whether a continuation application can help.

A crucial point for any patentee is the final ascent up the mountain, when patent claims are construed by the district court. Within the last decade, the Supreme Court and Federal Circuit have rewritten the rules of claim construction. *Markman* and *EAS Technologies* changed how trial courts handle claim construction, putting the job in the hands of the judge, not the jury. *Festo* changed the rules for the doctrine of equivalents, creating a presumption that claim scope changed by claim amendment or argument and for reasons of patentability was surrendered and not eligible subject matter for equivalents. A narrow route is available to rebut the presumption, if it can be shown that the patentee could not have drafted a claim to encompass the equivalent, for example, because the equivalent was unforeseeable. The patent litigant, whether patentee or accused infringer, together with the experienced Sherpa, must understand the entire portfolio's prosecution history and its impact on claim construction for both literal infringement and for infringement under the doctrine of equivalents to find and traverse the path.

Claim construction can be determined on summary judgment motion, for example, when an accused infringer requests summary judgment of non-infringement. A favourable ruling on summary judgment is much like finding a shortcut up the mountain such that only appeal to the Federal Circuit stands between you and the summit.

A special *Markman* proceeding can determine claim construction in the district court. Each side presents evidence as to how the claims are understood by one skilled in the art, viewing the claims themselves, the patent specification, and the prosecution history for the entire related patent portfolio. Because claim construction often determines who will prevail, a favourable construction is key. The construed meaning of the claims not only defines the enforceable scope of the claims, it determines relevancy of prior art, written description and enablement issues, foreshadowing a finding of patent validity or invalidity. Unfortunately, error rate for the district court's claim construction is about one in every two. At the district court stage, a best strategy marshals all available resources you have, including the knowledge and experiences of the Sherpa, your backpack of well-drafted patents, a strategically prosecuted portfolio and the extra remedial tools, to ensure a proper and unassailable claim construction on appeal to the Federal Circuit.

### **The appeal – reach the summit or die trying**

Claim construction reaches its final conclusion at the summit of the Federal Circuit, where all patent appeals are heard. The atmosphere is thin and the stakes are high. You will reach the summit and claim the prize or you will die trying. It's good to have your Sherpa with you, as he can breathe this rarefied air.

The *Markman* and *FAS Technologies* decisions changed the way district courts perform claim construction. These decisions also permit the Federal Circuit to reverse a trial court's claim construction without the constraint of reversal only under limited circumstances. No matter what happened on the climb previously, an appeal to the Federal Circuit gives both parties equal footing and a fresh chance to reach the top.

Many studies have assessed the probability that the Federal Circuit will reverse a trial court's claim construction, which is generally recognised as about one in two. The odds are much higher than for other appeal issues. With all the emphasis on claim interpretation, the Federal Circuit's claim construction path should be well worn and clear. Not so. Professor Wagner at the University of Pennsylvania Law School hosts a website, [www.claimconstruction.com](http://www.claimconstruction.com), that will predict how any particular panel of the Federal Circuit will construe a claim. Professor Wagner claims that the prediction is based on the strong and sharply divided approaches the judges take in construing claims.

Not only is the path unclear, it is rocky. The Federal Circuit has decided that its rules need clarification and has decided to review

a case as an entire court (12 judges) instead of as a normal three-judge panel. Just this decision to decide the case as a full court, however, was hotly debated and it generated a scathing dissent: "[A]ny attempt to refine the [claim construction] process is futile. Nearly a decade of confusion has resulted [from *Markman* and *FAS Technologies*]. To pretend otherwise inspires cynicism. Therefore, and because I am not convinced that shuffling our current precedent merely continues a charade, I dissent."

So, what do you need to know about claim construction for your appeal to the Federal Circuit? The answer is simple. You need to know that claim construction on appeal is unpredictable. This unpredictability should be factored into every step you take. If you lost at trial, the unpredictability may allow you to get a reversal. At the very least, you might leverage a more favourable settlement as a result of the appeal. If you won at trial, the unpredictability may overturn your victory. Settlement dynamics are obviously affected for you too.

As patentee or accused infringer, it is imperative that you hire a skilled patent Sherpa who is well versed in the nuances of claim construction at all stages of the climb, from preparation through to the summit ascent. Navigating claim construction is subtle, tricky and treacherous. It is best to have an experienced Sherpa at your side as you climb.