

Texas Intellectual Property Law Journal
Spring 2001

Recent Developments

RECENT DEVELOPMENTS IN PATENT LAW

Michael O. Sutton^{al} Christopher G. Darrow^{dl}

Copyright (c) 2001 State Bar of Texas, Intellectual Property Law Section; Michael O. Sutton; Christopher G. Darrow

Table of Contents

I.	Introduction	430
II.	Validity	431
	A. Patentable Subject Matter	431
	B. Obviousness	431
	C. Best Mode	432
	D. 35 U.S.C. § 112 P 2 Requirement--“What the Applicant Regards as His Invention”	434
	E. 35 U.S.C. § 102(f)--Invalid for Wrong Inventor	435
	F. Inequitable Conduct	435
	1. Semiconductor Energy Lab. Co. v. Samsung Elect. Co.	435
	2. PerSeptive Biosystems, Inc. v. Pharmacia Biotech, Inc.	437
	3. The Li Second Family Partnership v. Toshiba Corp.	439
III.	Infringement	441
	A. Offer to Sell--35 U.S.C. § 271(a)	441
	B. 35 U.S.C. § 295--Presumption: Product Made by Patented Process	442
	C. Doctrine of Equivalent--Prosecution History Estoppel	442
IV.	Litigation	444
	A. Attorney-Client Privilege	444
	B. Federal Rule of Civil Procedure 11--Sanctions	446
	1. View Engineering, Inc. v. Robotic Vision Systems	446

2. Hoffman-La Roche, Inc. v. Invamed, Inc.	448
C. 35 U.S.C. § 285--Attorney Fees for the Exceptional Case	449
D. Ownership of Patents	450
E. Federal Circuit Jurisdiction	451
F. Interference Appeals--35 U.S.C. § 146	452
G. Antitrust	454
V. Conclusion	455

***430 I. Introduction**

This article contains recent developments from the Federal Circuit Court of Appeals in patent law over the past year (2000). For brevity and maximum usefulness to the practitioner, this article limits its discussion to recent Federal Circuit case law that presents a novel or interesting twist in patent law.

Without doubt, the most significant opinion from the Federal Circuit the past year was the en banc decision of *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*¹ As will be discussed in greater detail below, the Federal Circuit decided four issues, the most significant of which is that a patentee is not entitled to rely upon the doctrine of equivalents to prove infringement of a particular element, if that element has been narrowed for any purposes related to patentability during the prosecution history.² This was a fairly dramatic change in the law, which had generally held that the range of equivalents after a narrowing amendment was dependent upon the nature of the invention, the prior art, and whether the prosecution history indicated that subject matter had been clearly relinquished.³ If this ruling is not reversed or modified by the Supreme Court, several practical effects may result, as discussed later.

***431 II. Validity**

A. Patentable Subject Matter

In *Pioneer Hi-Bred International v. J.E.M. AG Supply*,⁴ the defendant in a patent infringement case argued that the plaintiff's patent was invalid because the subject matter was not patentable under 35 U.S.C. § 101.⁵ The plaintiff obtained a patent on a sexually reproduced, i.e., a seed-grown, plant.⁶ In attempting to invalidate the plaintiff's patent, the defendant argued that Congress did not intend for seed-grown plants to be included as patentable subject matter under § 101, and that this is evidenced by the adoption of the Plant Variety Protection Act of 1970⁷ (PVCA).⁸ The defendant argued that § 101 should not "be interpreted as available to seed-grown plants, when Congress believed otherwise."⁹ The Federal Circuit disagreed and held that seed-grown plants were patentable subject matter under 35 U.S.C. § 101, stating that the PVCA did not remove seed grown plants from patentable subject matter under § 101.¹⁰ In the end, the court stayed truthful to the *Diamond v. Chakrabarty*¹¹ statutory interpretation that "Congress intended statutory subject matter to include anything under the sun that is made by man"¹²

B. Obviousness

In *Ruiz v. A. B. Chance Co.*,¹³ the Federal Circuit held that from the record or opinion of the district court, it must be clear that the district court applied the obviousness test articulated in *Graham v. John Deere Co.*¹⁴ and made the necessary *Graham* factual findings.¹⁵ The district court must make fact findings on the following four *Graham* criteria: (1) the scope and content of the prior art; (2) the level of ordinary skill in the art; (3) the difference in the claim invention and the *432 prior art; and (4) secondary considerations of nonobviousness, including commercial success, long-felt but unresolved need, failure of

others, copying, and unexpected results.¹⁶

In *Ruiz*, the Federal Circuit reversed the district court's finding that the patent in question was invalid for obviousness because it was not clear from the district court's opinion that the district court applied the Graham test and made the Graham factual findings.¹⁷ "The district court's opinion did not mention Graham, nor did it provide an analysis of what was disclosed, the prior art, or the testimony presented by the parties."¹⁸ The court noted that the Graham factual findings are especially important to prevent the occasional tendency to look "to the tempting but forbidden zone of hindsight."¹⁹ The Federal Circuit held that it "must be convinced from the opinion that that the district court actually applied Graham and must be presented with enough express and necessarily implied findings to know the basis of the trial court's opinion."²⁰ Although the court did not remand the case solely for not including any one particular factual finding in its legal opinion, the Federal Circuit considered the district court's failure to include the Graham factual findings in its opinion "as evidence that Graham was not in fact applied."²¹ Therefore, the Federal Circuit remanded the case back to the district court to make the Graham factual findings.²²

C. Best Mode

In *Eli Lilly & Co. v. Barr Laboratories, Inc.*,²³ the Federal Circuit held that a patentee did not violate the best mode requirement by failing to disclose the preferred method of making a commercially available starting material for making the claimed invention.²⁴ In *Eli Lilly*, the patent owner had patents on a particular chemical and a method of using that chemical.²⁵ The patentee disclosed his preferred method of making the patented chemical in both patents as originating "from a commercially available starting chemical."²⁶ However, the patentee did not disclose his preferred method of making the commercially available starting chemical.²⁷ Because the starting chemical was expensive, the patentee was forced to synthesize his own starting material from a process that would be adequate to produce enough of the starting chemical at a reasonable price.²⁸ After research and experimentation, the patentee developed his own method of preparing the starting chemical that was "real cheap" because it could be produced from other chemicals that were available "in tank car quantities."²⁹ The Federal Circuit noted that "if the best mode for carrying out a claimed invention involves novel subject matter, then an inventor must disclose a method for obtaining that subject matter even if it is unclaimed."³⁰ Since the patentee did not claim the starting material and the starting material was commercially available, the Federal Circuit held that the patentee did not violate the best mode requirement.³¹ The court stated that rather than establishing a best mode violation, the evidence established production concerns such as cost, volume, and manufacturing details.³²

In *Eli Lilly*, the defendant also argued that the patent was invalid for failing to disclose the recrystallization solvent that the patentee used to purify the patented chemical.³³ However, the patents did not claim a process for recrystallization.³⁴ The patents disclosed that the best mode of making the claimed chemical was through recrystallization, but the patents did not state what solvent should be used for performing the recrystallization.³⁵ The Federal Circuit again held that the patentee did not violate the best mode requirement because the patent did not claim the process for recrystallization or the recrystallization solvent.³⁶ The court noted that the evidence showed that choosing a solvent for recrystallization was a routine detail in the art.³⁷ The court reasoned that the best mode requirement "is a two way street"³⁸ and that the patents in the lawsuit did not grant the patentee the right to exclude others from practicing the patentee's method of recrystallization.³⁹

*434 D. 35 U.S.C. § 112 P 2 Requirement--"What the Applicant Regards as His Invention"

In *Solomon v. Kimberly-Clark Corp.*,⁴⁰ Solomon sued Kimberly-Clark for infringing its patent on disposable panty liners.⁴¹ The defendant defended on the ground that the patent was invalid for failing to claim the subject matter that the inventor regarded as her invention.⁴² The defendant asserted that during the inventor's deposition, the inventor defined her invention differently than was claimed in her patent application.⁴³ The district court held the patent invalid for failing to claim the subject matter that the inventor regarded as her invention.⁴⁴ The Federal Circuit reversed the district court.⁴⁵

The court noted that a patentee must comply with the two requirements of 35 U.S.C. § 112 second paragraph: (1) the applicant must claim what he regards as his invention, and (2) the applicant must particularly point out and distinctly claim the subject matter that the applicant regards as his invention.⁴⁶ The court then held that the determination of whether a claim recites the subject matter that the applicant regards as his invention is a question of law for the court, which the Federal Circuit reviews on appeal de novo.⁴⁷ The court reasoned that the right to decide all 35 U.S.C. § 112 second paragraph issues stems from the court's power to construe claims.⁴⁸

The Federal Circuit noted that during prosecution, a claim's compliance with both elements of § 112, second paragraph "may be analyzed by consideration of evidence beyond the specification, including an inventor's statements to the Patent and Trademark Office."⁴⁹ However, the Federal Circuit held that "[a] more limited range of evidence should be considered in evaluating validity as opposed to patentability under either portion of § 112, paragraph 2, because the language of issued claims is generally fixed"⁵⁰ Further, the court held that both § 112, second paragraph elements are objective inquiries to be decided in view of the written description.⁵¹ Therefore, the Federal Circuit concluded that "inventor *435 testimony, obtained in the context of litigation, should not be used to invalidate issued claims under § 112, paragraph 2."⁵²

E. 35 U.S.C. § 102(f)--Invalid for Wrong Inventor

In *Solomon v. Kimberly-Clark Corp.*,⁵³ the Federal Circuit also rejected an argument by defendant's patent counsel that the plaintiff's patent was invalid under 35 U.S.C. § 102(f) for not listing the correct inventorship in the patent.⁵⁴ The defendant asserted that during the inventor's deposition, the inventor defined her invention differently than was claimed in her patent application.⁵⁵ Therefore, the defendant alleged the patent was invalid for failing to name the correct inventorship.⁵⁶

Although the facts are sparse in the court's opinion, the defendant seemed to allege that the plaintiff's patent attorney might have contributed novel subject matter to the invention in the process of drafting the patent application.⁵⁷ With little analysis, the court held that "to assert that proper performance of the attorney's role is a ground for invalidating the patent constitutes a failure to understand the proper role of the patent attorney."⁵⁸ Therefore, the Federal Circuit held that 35 U.S.C. § 102(f) did not invalidate the patent.⁵⁹

F. Inequitable Conduct

Although inequitable conduct is discussed in the "Validity" section of this paper, technically a patent is held unenforceable for inequitable conduct, rather being invalid.⁶⁰

1. Semiconductor Energy Lab. Co. v. Samsung Elect. Co.

In *Semiconductor Energy Laboratory Co. v. Samsung Electronics Co.*,⁶¹ the defendant defended against a patent infringement suit on the ground that the patentee had performed inequitable conduct on the Patent and Trademark Office *436 (PTO).⁶² In the patent application's Information Disclosure Statement, the patentee disclosed a prior art Japanese patent application to the PTO by providing the examiner with an untranslated copy of the prior art patent application accompanied by an explanation of its relevance and an existing one-page partial English translation from a prior unrelated patent application.⁶³ However, the patentee's explanation of the Japanese application's relevance that accompanied the prior art Japanese patent application did not discuss an important point that was relevant to the patentee's patent application.⁶⁴

The patentee argued that he subjectively believed that the Japanese patent was only valuable for what he disclosed, and, therefore, he did have the intent required for inequitable conduct.⁶⁵ The defendant argued that the patentee had committed inequitable conduct by misleading the PTO.⁶⁶ The patentee replied that he had technically complied with all the PTO rules.⁶⁷

The Federal Circuit began by laying out the black letter law of inequitable conduct. Interestingly, when discussing the materiality component for inequitable conduct, the court quoted the new Rule 56 for what information is material to patentability.⁶⁸

The Federal Circuit affirmed the district court's finding that the record as a whole reflected a clear pattern of initial disclosure followed by incremental disclosure only when compelled by the circumstances to do so, followed by mischaracterization.⁶⁹ The Federal Circuit noted that the district court had found that the patentee, a solid state physicist whose native language is Japanese, understood the materiality of the prior art reference.⁷⁰ Further, the Federal Circuit affirmed the district court finding of intent because the patentee knew that a more complete translation or explanation of the Japanese patent application would decrease the likelihood that his patent would be issued.⁷¹ Interesting facts in the record supported the district court's conclusion. One of the facts was that Gerard Ferguson, the patentee's patent attorney, prosecuted all of the patentee's patent applications except during a brief period when the patentee revoked his power of attorney because Mr. Ferguson sought to submit prior art references to the PTO.⁷²

*437 The Federal Circuit also rejected the patentee's reliance on the fact that he strictly complied with all PTO rule requirements and therefore did not commit inequitable conduct.⁷³ First, the Federal Circuit noted that compliance with Rule 98, which requires that a patentee only needs to provide the examiner with existing translations of a foreign prior art reference, does not provide a shield against inequitable conduct.⁷⁴ Second, the Federal Circuit noted that although the § 609A(3) of the Manual of Patent Examining Procedure allows the applicant some discretion in which it may phrase its explanation of relevance for prior art submissions, it does not allow the applicant to omit a key teaching of the reference.⁷⁵ Therefore, the Federal Circuit affirmed the district court's finding that the patentee knew of the relevance of the prior art reference but failed to disclose it.⁷⁶

Lastly, the patentee argued that because he submitted the entire untranslated Japanese patent reference, he performed his duty to the PTO.⁷⁷ The patentee noted that the PTO does not require applicants to translate foreign references into English when a translation is unavailable.⁷⁸ Therefore, the patentee argued that he should not be penalized for providing a partial translation that was obtained from an unrelated patent.⁷⁹

The Federal Circuit held that the patentee effectively failed to disclose the prior art reference to the PTO "[b]y submitting the entire untranslated . . . reference to the PTO along with a one-page, partial translation focusing on less material portions and a concise statement directed to those less material portions"⁸⁰ Therefore, the Federal Circuit concluded that the patentee deceived the examiner into believing that the Japanese reference was less material than it really was and thereby "constructively withheld the reference from the PTO."⁸¹

2. PerSeptive Biosystems, Inc. v. Pharmacia Biotech, Inc.

In *PerSeptive Biosystems, Inc. v. Pharmacia Biotech, Inc.*,⁸² PerSeptive sued Pharmacia for patent infringement.⁸³ Pharmacia defended on the ground that *438 PerSeptive had committed inequitable conduct during prosecution of the patent application.⁸⁴

Pharmacia alleged that PerSeptive committed inequitable conduct by intentionally misrepresenting the inventorship of the allegedly infringed patent during prosecution before the PTO.⁸⁵ In particular, Pharmacia alleged that PerSeptive intentionally failed to disclose two possible co-inventors because the possible co-inventors were not employed by PerSeptive.⁸⁶

PerSeptive argued that its failure to disclose the possible co-inventors was unintentional.⁸⁷ In the alternative, PerSeptive seemed to argue that even if it intentionally failed to disclose possible co-inventors at some points during prosecution of the patent, there could be no inequitable conduct because when the patent issued, the patent had the correct inventorship.⁸⁸ PerSeptive argued that after the supposed inequitable conduct took place, PerSeptive narrowed the claims, thus making any inequitable conduct immaterial.⁸⁹

First, the Federal Circuit accepted the district court's factual finding as not clearly erroneous that the defendant in at least five specific instances committed acts of "intentional falsehoods, misrepresentations, and omissions to the PTO" concerning the inventorship of the allegedly infringed patent.⁹⁰ The court then turned to issue of materiality, noting that "[a]s a critical requirement for obtaining a patent, inventorship is material."⁹¹ Furthermore, the court found that misrepresentations or omissions concerning inventorship are material because there is "a substantial likelihood that a reasonable examiner would consider it important in deciding whether to allow the application to issue as a patent."⁹²

The court held that irrespective of whether the inventorship was correct as issued, the intentional misrepresentation of inventorship during prosecution amounted to inequitable conduct.⁹³ The court reasoned that the issue was not whether inventorship per se was incorrect in the issued patent, but whether misinformation communicated to the PTO was material and intentionally communicated.⁹⁴ Therefore, the Federal Circuit affirmed the district court's finding that PerSeptive committed inequitable conduct by misrepresenting the *439 inventorship or failing to disclose possible co-inventors during the prosecution of the patent application.⁹⁵

3. The Li Second Family Partnership v. Toshiba Corp.

In *The Li Second Family Partnership v. Toshiba Corp.*,⁹⁶ Li alleged that Toshiba infringed its patented process.⁹⁷ Toshiba

defended on the ground that Li's '800 patent was unenforceable because Li committed inequitable conduct during prosecution of the '102 patent application that issued as the '800 patent.⁹⁸ In particular, Toshiba alleged that Li failed to disclose a ruling of the Board of Patent Appeals and Interferences (Board) concerning a sister application ('758 application) that claimed priority from the same parent application ('300 application) as the '800 patent.⁹⁹

During prosecution, the examiner rejected the '102 application over certain prior art.¹⁰⁰ In response to the examiner's rejection, Li claimed priority from a grandparent application.¹⁰¹ However, Li failed to disclose to the examiner that, in the sister application, the Board had ruled that the written description of the parent '300 application did not support the subject matter claimed in the '102 application, which issued into the allegedly infringed '800 patent.¹⁰²

The examiner allowed the claims over the prior art because Li argued that the '800 patent had superior priority based on the grandparent application.¹⁰³ The ruling of the Board was directly relevant to the patent in the lawsuit, because it determined that the written description of the parent '300 application did not support the claimed invention in the allegedly infringed '800 patent.¹⁰⁴ Therefore, the ruling of the Board in the sister application was directly relevant for determining the date of priority for the allegedly infringed patent.

When Li sued Toshiba, the issue was whether Li had committed inequitable conduct by not disclosing the Board's ruling in the sister application.¹⁰⁵ The *440 Federal Circuit held that Li had committed inequitable conduct.¹⁰⁶ The court noted that the only reason the examiner allowed the '102 application was because of Li's argument that the '102 application could properly claim priority from the grandparent application.¹⁰⁷ The court concluded that "an applicant's misrepresentation that he is entitled to the benefit of an earlier filing date is highly material."¹⁰⁸

Li also argued that it had not committed inequitable conduct, because it orally briefed the examiner of the Board's ruling in the sister application.¹⁰⁹ During trial, Li offered the testimony of the patent attorney who prosecuted the '102 patent application before the examiner, to support this claim.¹¹⁰ However, the Federal Circuit rejected this testimony, noting that the PTO requires all business before it to be conducted, or at least documented, in writing.¹¹¹ Further, the court stated that under PTO rules, "[i]t is the responsibility of the applicant to ensure that the substance of an interview with the examiner is included in the written record of the application, unless the examiner indicates that he will do so."¹¹² Further, the Federal Circuit affirmed the district court's finding that the attorney's testimony was not credible.¹¹³

Li also attempted to argue that the references cited by the examiner during prosecution were not material because they would not have led to a valid rejection.¹¹⁴ The Federal Circuit rejected that argument, holding that the "[i]nformation concealed from the PTO may be material even though it would not invalidate the patent."¹¹⁵ Finally, the court held that "the test for materiality is whether a reasonable examiner would have considered the information important, not whether the information would conclusively decide the issue of patentability."¹¹⁶

***441 III. Infringement**

A. Offer to Sell--35 U.S.C. § 271(a)

35 U.S.C. § 271(a) states that whoever "makes, uses, offers to sell or sells any patented invention, within the United States . . . infringes the patent." In *Rotec Industries, Inc. v. Mitsubishi International Corp.*,¹¹⁷ Rotec alleged that the defendants made an offer in the United States to sell Rotec's patented invention.¹¹⁸ It was undisputed that certain acts happened in the United States, but what was disputed was whether those acts constituted an offer for sale within the meaning of 35 U.S.C. § 271(a).¹¹⁹ Therefore, the issue was whether there was an offer within the United States to sell the patented invention.¹²⁰

In *Rotec*, the Federal Circuit stated that the phrase "offer to sell" should be interpreted according to its ordinary meaning in contract law.¹²¹ However, the court did not feel that state contract law should apply; instead, the court developed federal common law to define "offer to sell."¹²² Under federal common law, the court held, "offer to sell" would be interpreted "according to its ordinary meaning in contract law, as revealed by traditional sources of authority."¹²³ As for traditional sources of authority, the court quoted the Second Restatement of Contracts to define an offer as a "manifestation of willingness to enter into a bargain, so made as to justify another person in understanding that his assent to that bargain is invited and will conclude it."¹²⁴ In particular, the court held that an "offer to sell" required at minimum a communication with a third party.¹²⁵ Under the facts of the case, there was no admissible evidence that an offer was communicated in or from the

United States.¹²⁶ Therefore, the Federal Circuit affirmed the district court's dismissal of the case.¹²⁷

In the course of its opinion, the court also held that an offer under 35 U.S.C. § 271(a) had to be of the entire invention as claimed in the patent.¹²⁸ The court *442 analyzed *DeepSouth Packing Co. v. Laitram Corp.*¹²⁹ and concluded that “as to claims brought under § 271(a), DeepSouth remains good law: one may not be held liable under § 271(a) for ‘making’ or ‘selling’ less than a completed invention.”¹³⁰ The court reasoned that there was no reason why an offer to sell under 35 U.S.C. § 271(a) should be different. Therefore, an offer to sell has to be of the “entire invention as claimed in the patent.”¹³¹

B. 35 U.S.C. § 295--Presumption: Product Made by Patented Process

In a case alleging infringement of a patented process based on the importation, sale, offer for sale, or use of a product which is made from the process, 35 U.S.C. § 295 shifts the burden of proof to an alleged infringer when the patentee establishes two elements to the trial judge: “1) a substantial likelihood exists that the product was made by the patented process, and 2) the plaintiff has made a reasonable effort to determine the process actually used in the production of the product and was unable so to determine.”¹³²

In *Nutrinova Nutrition v. International Trade Commission*,¹³³ the issue before the Federal Circuit was when during a trial does the trial judge have to decide whether a patentee has proved the two elements of § 295 so that the burden shifts to the alleged infringer to disprove infringement.¹³⁴ In *Nutrinova*, the plaintiff argued that the judge should have decided the motion during the discovery process.¹³⁵ However, the Federal Circuit held that a trial judge has discretion when to decide a motion under § 295, stating that when to decide a § 295 motion varies with the facts and circumstances of every case.¹³⁶ Further, the court analogized when to decide a § 295 motion with when to decide a motion for summary judgment: both are procedural matters that are within the discretion of the trial judge.¹³⁷

C. Doctrine of Equivalents--Prosecution History Estoppel

In *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*,¹³⁸ the Federal Circuit decided, en banc, the four following significant issues on the issues of *443 prosecution history and the doctrine of equivalents. First, narrowing amendments made for any purpose related to statutory reasons of patentability triggers prosecution history estoppel.¹³⁹ Therefore, prosecution history estoppel is triggered not only by narrowing amendments made in connection with § 102 and 103 amendments, but also for amendments related to § 112.¹⁴⁰

Second, voluntary amendments which narrow claims trigger prosecution history estoppel.¹⁴¹ Therefore, prosecution history is not limited to narrowing amendments made in response to a rejection by an examiner for a stated reason.¹⁴²

Third, no range of equivalents is available for an element that has been narrowed during prosecution.¹⁴³ This was the major issue. The Federal Circuit reviewed prior cases and concluded that there were two lines of authority: one in which an absolute bar was applied; and a second in which a flexible bar was applied.¹⁴⁴ Recognizing that the second line of authority constituted the greater body of law, eight out of twelve of the Federal Circuit judges (Michel, Linn, Rader, and Newman, J.J., dissenting) nevertheless concluded that the better approach was to apply an absolute bar against reliance on the doctrine of equivalents.¹⁴⁵ Overriding considerations of the majority included the notice function of claims, certainty to the public, and enforcing the disclaimer effect of a narrowing claim amendment.¹⁴⁶

Fourth, if “no explanation” is established for an amendment, no range of equivalents is available for the amended element.¹⁴⁷ There was no disagreement on this issue, and the decision on this point actually confirmed a ruling made in *Sextant Avionique S.A. v. Analog Devices, Inc.*¹⁴⁸ The rationale is that, when balancing the considerations of the public and the need for certainty in claim interpretation, the patentee cannot benefit from any uncertainty created in the prosecution history.¹⁴⁹

The *Festo* decision has several practical effects. First, estoppel will no longer be tailored to the practical aspects of the case. In other words, neither the closeness of the prior art nor the pioneering nature of the invention will be considered on the *444 issues of prosecution history estoppel and the doctrine of equivalents. Most practitioners appear to be in disagreement with this result. Yet, unless the Supreme Court takes the case and reverses this issue, this will be the result.

Second, competitors may review the prosecution history, find an element that has been narrowed, regardless of how

insignificant the element is to the invention, and design around that element.

Third, seemingly greater effort should be put into the prosecution of a patent. This might include taking more appeals than in the past. Previously, practitioners would sometimes negotiate with an examiner to obtain an allowance, secure in the belief that the doctrine of equivalents could be relied upon if necessary. Now, that may not be the case. If the inventor firmly believes that an element should not be narrowed, but the examiner is steadfast in her rejection, there may be no alternative but to appeal the case in view of the Festo decision.

Fourth, will practitioners find ways to avoid the Festo effect? One approach might be to draft claims with a few, very narrow elements. Any element not narrowed during prosecution would not be subject to the absolute bar and would qualify for the application of the doctrine of equivalents. Without doubt, much testing of the application and limits of the Festo effect will be had in court as well as in prosecution practice.

IV. Litigation

A. Attorney-Client Privilege

In *In re Spalding Sports Worldwide, Inc.*,¹⁵⁰ the issue was whether the attorney-client privilege applied to an invention record¹⁵¹ submitted by inventors to their employer's corporate patent counsel.¹⁵² In *In re Spalding*, the patentee sued the defendant for patent infringement, and the defendant defended on inequitable conduct.¹⁵³ During discovery, the defendant sought to discover the patentee's invention record that he sent to his employer's corporate legal department, but the patentee claimed that the document was privileged.¹⁵⁴ According to the patentee's corporate counsel, it was the policy of patent counsel to refer to the invention *445 record when making patentability determinations.¹⁵⁵ The district court directed the patentee to produce the invention record to the defendant.¹⁵⁶ In order to avoid producing the invention record, the patentee sought a writ of mandamus from the Federal Circuit directing the district court to vacate the order.¹⁵⁷ The Federal Circuit granted mandamus and held that the invention record was a privileged communication because it was submitted to counsel for obtaining legal advice.¹⁵⁸

In trying to obtain evidence for its inequitable conduct defense, the defendant argued that even if the court found the invention record to be privileged, the portion of the invention record that listed prior art should be disclosed because it did not seek legal advice.¹⁵⁹ However, the court stated that it did "not consider it necessary to dissect the document to separately evaluate each of the components. It is enough that the overall tenor of the document indicates that it is a request for legal advice or services."¹⁶⁰ The court concluded that, to the extent that the patentee's invention record listed prior art or technical information, the inclusion of such information does not render the document discoverable, because requesting "legal advice on patentability or for legal services in preparing a patent application necessarily require[s] evaluation of technical information such as prior art."¹⁶¹ Therefore, the Federal Circuit held the invention record was privileged "in its entirety."¹⁶² This holding is significant, because it could limit the common discovery procedure of simply redacting the privileged material from documents produced in discovery.

In a footnote, the Federal Circuit stated that it "was aware of several district court opinions that have held that technical information communicated to an attorney, and documents relating to the prosecution of patent applications are non-privileged, based on the rationale that the attorney is acting as a mere 'conduit' between the client and the PTO."¹⁶³ The court distinguished those cases on the grounds that they "did not deal specifically with invention records" and that they were not binding on the Federal Circuit.¹⁶⁴ The court concluded that "the better *446 rule is the one articulated in this case."¹⁶⁵ Interestingly, the Federal Circuit chose to distinguish, rather than overrule, the cases that label patent prosecution attorneys as "mere conduits" of the PTO.¹⁶⁶ Therefore, the Federal Circuit left itself room for future decisions to find that factual communications concerning patent prosecution are non-privileged communications.

The court also held that simply proving inequitable conduct did not invoke the crime-fraud exception to the attorney-client privilege.¹⁶⁷ The court reasoned that both common law fraud and Walker Process fraud are different than inequitable conduct.¹⁶⁸ The court noted that common law fraud requires that five indispensable elements be proven.¹⁶⁹ In addition, the court noted that "[i]nequitable conduct in fact is a lesser offense than common law fraud, and includes types of conduct less serious than 'knowing and willful' fraud."¹⁷⁰ The court also noted that inequitable conduct is a broader than Walker Process Fraud.¹⁷¹ Further, Walker Process fraud is more difficult to prove.¹⁷²

B. Federal Rule of Civil Procedure 11--Sanctions

1. View Engineering, Inc. v. Robotic Vision Systems

In *View Engineering, Inc. v. Robotic Vision Systems*,¹⁷³ View Engineering (“View”) sued Robotic Vision Systems (“Robotic”) for declaratory judgment that Robotic’s patents were not infringed by View’s products or, in the alternative, that Robotic’s patents were invalid.¹⁷⁴ Before filing its lawsuit, Robotic asked View to for permission to inspect View’s machine, but View refused.¹⁷⁵ After approximately four months, Robotic counterclaimed, alleging that View’s products *447 infringed eight of Robotic’s patents.¹⁷⁶ At the time the counterclaims were filed, the only basis for Robotic’s belief that the patents were infringed was based on Robotic’s knowledge of the art and publicly available information, such as View’s advertising and statements View made to its customers.¹⁷⁷ Robotic did not investigate View’s allegedly infringing machine, because the machine would cost several hundred dollars to purchase and it believed that View would not sell it one.¹⁷⁸ After Robotic filed its counterclaim, View moved for sanctions against Robotic under Federal Rule of Civil Procedure 11 (Rule 11).¹⁷⁹

The Federal Circuit affirmed the district court’s finding that Robotic’s law firm had violated Rule 11.¹⁸⁰ The court held that, at a bare minimum, a party must apply the claims of each and every patent that is alleged to be infringed “to an accused device and conclude that there is a reasonable basis for a finding of infringement of at least one claim of each patent so asserted.”¹⁸¹ Further, the court stated that View was not required to allow Robotic pre-litigation discovery to inspect the allegedly infringing device.¹⁸² The court stated that if challenged, a patent-owner must be prepared to demonstrate to both the court and the alleged infringer exactly why it believed it had a reasonable chance of proving infringement.¹⁸³ Further, the court stated that “[f]ailure to do so should ordinarily result in the district court expressing its broad discretion in favor of Rule 11 sanctions, at least in the absence of a sound excuse or considerable mitigating circumstances.”¹⁸⁴

Robotic seemed to have a good argument to avoid Rule 11 sanctions because Robotic’s pre-trial investigation seemed reasonable considering what information was available to it before filing a counterclaim. However, the Federal Circuit held that before filing a counterclaim, the patentee should have performed a reasonable investigation into the factual basis to support such a claim.¹⁸⁵ Further, the Federal Circuit did not find that the district court abused its discretion in awarding damages. In fact, the Federal Circuit commended the district judge for a “careful and thoughtful opinion.”¹⁸⁶

***448 2. Hoffman-La Roche, Inc. v. Invamed, Inc.**

In *Hoffman-La Roche, Inc. v. Invamed, Inc.*,¹⁸⁷ Hoffman-La Roche (“Roche”) sued Torpharm and other generic drug manufacturers for infringing its patent on a process for manufacturing a drug.¹⁸⁸ Before suing, Roche learned that Torpharm had filed a drug application covering a generic form of a drug on which Roche had a patent.¹⁸⁹ Roche attempted to ascertain the process that Torpharm used to manufacture the drug, but that was impossible from studying the drug application.¹⁹⁰ Roche asked Torpharm to disclose its manufacturing process, but Torpharm refused to do so because of a confidentiality agreement with another company.¹⁹¹ Torpharm did provide Roche with samples of its generic drug, but it could not be determined from the drug what processes had been used to manufacture the drug.¹⁹² Subsequently, Roche sued Torpharm for patent infringement.¹⁹³

At the outset of the suit, Roche agreed to receive information about the manufacturing process in confidence and to drop the suit if there was no infringement.¹⁹⁴ Thereafter, Roche received the manufacturing information, determined that Torpharm was not infringing its patent, and dismissed the suit.¹⁹⁵ Torpharm followed by making a Rule 11 motion for sanctions.¹⁹⁶ On appeal, the Federal Circuit held that Roche did not violate Rule 11, because Roche did everything it could do to determine whether Torpharm infringed its patent.¹⁹⁷ The court stated “[i]f Torpharm initially had told them, under a confidentiality agreement, the process used to manufacture the drug--as it subsequently did--it could have avoided this litigation and the expenses incurred in defending it.”¹⁹⁸ This was an interesting statement from the Federal Circuit, because it seems to conflict with the reasoning underlying *View Engineering*, in which the Federal Circuit did not seem to weigh the denial of pre-litigation discovery by the alleged *449 infringer in assessing whether to award Rule 11 sanctions.¹⁹⁹ It should be noted that *Hoffman-La Roche* was decided only six days before *View Engineering*. Therefore, neither decision discussed the other. In conclusion, the Federal Circuit affirmed the district court’s conclusion that Roche’s “initial claim of infringement was not unreasonable in light of the available information at the time of filing.”²⁰⁰

C. 35 U.S.C. § 285--Attorney Fees for the Exceptional Case

In *Automated Business Companies v. NEC America, Inc.*,²⁰¹ Automated Business Companies (ABC) brought a baseless patent suit against NEC America, Inc. After the district court dismissed the lawsuit, NEC America moved for sanctions.²⁰² The district court deemed the case exceptional and directed NEC America to submit documentation for determining an award for attorney fees.²⁰³ NEC America submitted documentation “that included invoices generated by Sidley & Austin, lead counsel for the NEC America, and McLean & Sanders, local counsel for NEC America.”²⁰⁴

However, the documentation included invoices to NEC Corp. for work done defending the lawsuit.²⁰⁵ NEC Corp. is the parent corporation of NEC USA, Inc., which is the parent of NEC America.²⁰⁶ NEC America was the only corporation named as infringer in the ABC’s complaint.²⁰⁷ The district court awarded attorney fees that included the invoices directed to NEC Corp. in the calculation.²⁰⁸

ABC appealed, arguing that the damage award should not have included invoices directed to NEC Corp., NEC America’s grandparent corporation.²⁰⁹ The Federal Circuit disagreed, holding that “[t]he terms under which NEC America arranged for payment of at least some of its legal fees with NEC Corp.” was not relevant.²¹⁰ The court stated that in a case where a company’s “grandparent company assisted in the defense of an infringement action properly deemed exceptional and assumed some of the legal expenses, the company is no less due an ***450** award of attorney fees for the total amount it would have paid had it defended against the action on its own.”²¹¹

D. Ownership of Patents

In *Banks v. Unisys Corp.*,²¹² Unisys hired Banks to work on its Image Camera Project, which was engaged in the development of an image camera for use with a high-speed document sorter.²¹³ Upon employment, Unisys requested Banks to sign an agreement that assigned his interest in any inventions that he developed during his employment with Unisys.²¹⁴ Banks refused to sign the document.²¹⁵

On his own initiative and on his own time, Banks “tested the camera to confirm some problems he had detected, and recommended a redesign of the camera’s optics.”²¹⁶ “As a result of Banks’ efforts, the project developed an improved design that produced an acceptable image in the camera.”²¹⁷ Unisys incorporated Banks’ development into a high-speed document sorter.²¹⁸ Based on Banks’ development, Unisys filed six patents in which it named Banks as a co-inventor.²¹⁹ However, on three of the applications, Banks was listed as a co-inventor without his consent or knowledge.²²⁰ Unisys asked him to sign the patent forms and represented that he would be paid for each one.²²¹ Unisys did not explain the importance of the patents.²²² “Banks signed three separate declarations and patent assignments, but Unisys later told him he would be paid nothing.”²²³ Upon the last day of Banks’ employment, he also refused a “Restricted Information Obligation” form that he believed would have assigned his inventions to Unisys.²²⁴

Unisys argued that under the “employed to invent” rule, the law requires no express agreement of assignment to be made; therefore, “an employee’s refusal to assign his inventive rights to his employer has no legal significance.”²²⁵ Unisys ***451** seemed to assert that an implied contract was made when Brooks accepted the job to work on developing and improving cameras.²²⁶ First, the court set out that the general rule for ownership of patent rights is that the employee-inventor owns the patent rights even though he might have conceived it or reduced it to practice during his employment.²²⁷ Second, the court stated that the patent rights may belong to the employer where the employee “is hired to invent something or solve a particular problem”²²⁸ However, the court held that the exception is grounded on principles of contract law--the freedom to contract.²²⁹ The court held that, under the facts of the case, there was a genuine issue of material fact of whether there was a meeting of the minds, a necessary requirement for an implied-in-fact contract.²³⁰ Therefore, the Federal Circuit directed the district court to consider all the evidence and determine whether an implied contract was made.²³¹

E. Federal Circuit Jurisdiction

In *Nilssen v. Motorola, Inc.*,²³² Nilssen sued Motorola for patent infringement and various other state law claims in federal district court.²³³ After discovery was complete, the district court felt that bifurcating the trial between the patent claims and the other state law claims would be the best way to manage the trial because of all the claims.²³⁴ Accordingly, the court dismissed Nilssen’s patent claims without prejudice under Federal Rule of Civil Procedure 41(b), the section for involuntary dismissal of claims, and granted Nilssen leave to file a new complaint alleging patent infringement.²³⁵ Oddly, even though the

district court dismissed the patent infringement claim as an “involuntary dismissal” under Rule 41(b), the court noted that “its order was being entered ‘without objection by . . . Nilssen.’”²³⁶

The issue on appeal was whether the Federal Circuit had jurisdiction to hear the appeal.²³⁷ Nilssen argued that the jurisdiction of the Federal Circuit is determined at the outset upon the filing of the complaint.²³⁸ Motorola argued that *452 the Federal Circuit lacked jurisdiction to hear the appeal because dismissing the case without prejudice was tantamount to amending the claims.²³⁹

The Federal Circuit agreed with Motorola. First, the court stated that under 28 U.S.C. § 1338, it had jurisdiction over “an appeal from a final decision of a district court of the United States . . . if the jurisdiction of that court was based, in whole or part, on 28 U.S.C. Section 1338.”²⁴⁰ Further, the court stated that “Section 1338(a) grants federal district courts jurisdiction over patent cases.”²⁴¹ The court then noted that “[j]urisdiction normally attaches at the time of filing based on the pleadings.”²⁴²

However, the court held that the fact that Nilssen’s patent claims were dismissed without prejudice was equivalent to the patent claims never being filed.²⁴³ Therefore, the Federal Circuit held that it did not have jurisdiction.²⁴⁴ The court noted that it had previously held that the Federal Circuit retained jurisdiction if the patent claim upon which jurisdiction was based was dismissed with prejudice.²⁴⁵

Judge Rader dissented. He would have held that because the dismissal was involuntary, the Federal Circuit had jurisdiction of Nilssen’s appeal.²⁴⁶ Judge Rader would have followed the Federal Circuit’s en banc holding in *Atari, Inc. v. JS & A Group, Inc.*,²⁴⁷ which he felt was closer to the facts at issue in this case and dealt more convincingly with the statutory language and jurisdictional policies such as forum shopping.²⁴⁸

F. Interference Appeals--35 U.S.C. § 146

35 U.S.C. § 146 provides that a party to an interference that is dissatisfied with a decision of the Board may file a “civil action” in district court.²⁴⁹ Unlike an appeal from an interference to the Federal Circuit, § 146 provides that the parties may submit new testimony that was not before the Board.²⁵⁰ However, § 146 does *453 not state with what standard the district court shall review the Board’s decision where new evidence is submitted in the district court proceeding.

In *Winner International Royalty Corp. v. Wang*,²⁵¹ Wu provoked an interference between his patent application and a patent issued to Wang.²⁵² During the course of the interference, it became apparent to Wang that his patent’s claim to priority was inferior to Wu’s patent application.²⁵³ Wang then filed a preliminary motion that the interference count was obvious under 35 U.S.C. § 103.²⁵⁴ The Board ruled that most of the claims in Wu’s patent application were invalid as obvious under 35 U.S.C. § 103.²⁵⁵ Wu appealed the interference proceeding to the District Court for the District of Columbia under 35 U.S.C. § 146.²⁵⁶ The district court heard live testimony on each factual issue before the Board and concluded that the Board erred.²⁵⁷

The issue on appeal to the Federal Circuit was what standard of review the district court was to give the Board’s factual findings.²⁵⁸ The Federal Circuit held “that the admission of live testimony on all matters before the Board in a § 146 action, as in this case, makes a factfinder of the district court and requires a de novo trial.”²⁵⁹ Further, the court held that although the live testimony presented to the district court “might be the same or similar testimony before the Board in the form of affidavits and deposition transcripts, a district court should still make de novo factual findings”²⁶⁰

In a footnote, the court specifically limited its holding to situations in which a party submits live testimony on all the issues that were before the Board.²⁶¹ The court stated it did not decide what standard of review would apply if live testimony was submitted on only some of the issues before the Board.²⁶²

The court based its holding on the idea that deference is usually given to the fact finder because it is able to observe the live testimony of the witnesses.²⁶³ By observing the witnesses, the fact finder is best able to judge credibility and *454 demeanor. However, the court noted that the Board does not hear live testimony, but simply “reviews testimony in the form of affidavits and transcripts of depositions, and other facts in the form of responses to interrogatories and requests for admissions.”²⁶⁴ Further, the parties are able to add new evidence in the district court proceeding that was not presented to the Board.²⁶⁵

The court concluded that its holding would provide a clear rule: “Live testimony admitted on all matters that were before the

Board triggers de novo review.²⁶⁶ The court stated that if were to decide otherwise, the rule would be difficult to administer.²⁶⁷ For example, if the district court had to determine whether the Board heard the exact same testimony to determine what standard of review to give, it would be too burdensome on the district court.²⁶⁸

The holding in this case will undoubtedly lead to more interference appeals to district court. In fact, if one loses before the Board, by then appealing to district court and presenting the evidence all over again, he gets, in effect, another chance to try the case with no deference to the Board's findings.

G. Antitrust

In *In re Independent Service Organizations Antitrust Litigation*,²⁶⁹ Xerox refused to sell patented replacement parts for its copiers to independent service organizations, who were in the business of repairing Xerox copiers.²⁷⁰ CSU, an independent service company, was forced to cannibalize replacement parts from used Xerox equipment in order to stay in business.²⁷¹ CSU sued Xerox under the Sherman Act for antitrust.²⁷² Xerox counterclaimed for patent infringement.²⁷³

On appeal, the issue was whether Xerox must sell its patented replacement parts or license its patents to the independent service organizations.²⁷⁴ The Federal ***455** Circuit held that Xerox did not violate the antitrust laws and that Xerox did not have to license its patent.²⁷⁵

First, the court noted that “[t]here is no reported case in which a court has imposed antitrust liability for unilateral refusal to sell or license a patent.”²⁷⁶ Further, the court noted that 35 U.S.C. § 271(d) states that “no patent owner otherwise entitled to relief . . . shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his . . . (4) [having] refused to license or use any rights to the patent”²⁷⁷

CSU argued that Xerox tied its monopoly in patented parts to the service market of repairing copiers.²⁷⁸ The Federal Circuit rejected CSU's tying argument, holding that a “patent holder cannot use his statutory right to refuse to sell patented parts to gain a monopoly in a market beyond the scope of the patent.”²⁷⁹ Therefore, the court felt that the key to deciding whether a party was unlawfully tying its legal monopoly granted in a patent to a tied product or service was determining whether the tied product or service was within the scope of the patent grant.

Under the facts of the case, the Federal Circuit held that Xerox's refusal to sell its patented parts did not exceed the scope of the patent grant.²⁸⁰ The court concluded that “[i]n the absence of any indication of illegal tying, fraud in the Patent and Trademark Office, or sham litigation, the patent holder may enforce the statutory right to exclude others . . . free from liability under the antitrust laws.”²⁸¹

V. Conclusion

The Federal Circuit started out the new millennium with a big bang when it issued its monumental decision in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kasbushiki Co.*²⁸² Unless reversed by the Supreme Court, the repercussions of the decision surely will be felt for the next couple of decades. Every pending patent application and issued patent that has been amended for patentability reasons is now estopped by prosecution history estoppel from claiming subject matter under the doctrine of equivalents for the particular element amended in the claim.

One welcomed decision in the year 2000 was *In re Spalding Sports Worldwide, Inc.*,²⁸³ which clarified the attorney-client privilege for patent ***456** practitioners. There is certainly more to clarify in the attorney-client privilege area. Nonetheless, not only did *In re Spalding* clarify the attorney-client privilege as it relates to patent law, but it also gives new hope that the Federal Circuit will grant mandamus more frequently in future cases.

One last decision that deserves special attention for the year 2000 is *Winner International Royalty Corp. v. Wang*,²⁸⁴ which held that the standard of review for interference appeals is de novo where a party puts on the same live testimony in the district court. Therefore, if a practitioner loses an interference case in the PTO, she should appeal to the district court to try her case de novo.

a1 J.D. hons., Order of the Coif, George Washington Law School, 1973; B.S. Aerospace Engineering, cum laude, University of Alabama, 1969. Firm-wide Leader of the Intellectual Property Law Section of Locke Liddell & Sapp.

d1 J.D., cum laude, Wayne State University Law School, 2000; B.S., Chemical Engineering, Michigan State University, 1997. Associate at Sidley & Austin's Dallas office.

1 234 F.3d 558, 56 U.S.P.Q.2d (BNA) 1865 (Fed. Cir. 2000) (en banc).

2 Id. at 563, 56 U.S.P.Q.2d at 1866.

3 See, e.g., *Litton Sys., Inc. v. Honeywell, Inc.*, 140 F.3d 1449, 1456, 46 U.S.P.Q.2d (BNA) 1321, 1326 (Fed. Cir. 1998) (“[A]n amendment to claim language in response to prior art ‘may have a limiting effect within a spectrum ranging from great to small to zero.’”) (citations omitted); *Hughes Aircraft Co. v. United States*, 140 F.3d 1470, 1476, 46 U.S.P.Q.2d (BNA) 1285, 1290 (Fed. Cir. 1998) (“In evaluating the reason behind an amendment, a court must determine what subject matter the patentee actually surrendered.”); *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 72 F.3d 857, 37 U.S.P.Q.2d (BNA) 1161, 1165 (Fed. Cir. 1995) (“In determining whether prosecution history estoppel applies when there has been a change in claim language during prosecution, the court must consider both what was changed and the reason for the change. The scope of any asserted estoppel is determined in light of the prior art in the field of art relevant to the change, the statements made to the patent examiner as to the reason for the change, and the purpose of the change as it relates to the allowance of the claims.”).

4 200 F.3d 1374, 53 U.S.P.Q.2d (BNA) 1440 (Fed. Cir. 2000).

5 Id. at 1376, 53 U.S.P.Q.2d at 1441.

6 Id. at 1375, 53 U.S.P.Q.2d at 1440.

7 The Plant Variety Protection Act (“PVCA”) establishes protection for seed-grown and tuber propagated plants that is different from the patent statute. See *id.* at 1377, 53 U.S.P.Q.2d at 1442; 7 U.S.C. §2402(a). The PVCA is administered by the Department of Agriculture. See *Pioneer Hi-Bred*, 200 F.3d at 1377, 53 U.S.P.Q.2d at 1442. Under the PVCA, there is no extensive examination procedure. *Id.*

8 *Pioneer Hi-Bred*, 200 F.3d at 1376, 53 U.S.P.Q.2d at 1441.

9 *Id.* at 1377-78, 53 U.S.P.Q.2d at 1442.

10 *Id.* at 1378, 53 U.S.P.Q.2d at 1443.

11 447 U.S. 303, 206 U.S.P.Q. (BNA) 193 (1980).

12 *Id.* at 309, 206 U.S.P.Q. at 197.

13 234 F.3d 654, 57 U.S.P.Q.2d (BNA) 1161 (Fed Cir. 2000).

14 383 U.S. 1, 17-18, 148 U.S.P.Q. (BNA) 459, 467 (1966).

15 See Ruiz v. A.B. Chance Co., 234 F.3d 654, 57 U.S.P.Q.2d (BNA) 1161 (Fed Cir. 2000).

16 In many cases, the obviousness factual findings control the outcome of the obviousness determination. For example, in Riverwood International Corp. v. The Mead Corp., the magistrate judge made the four factual findings and concluded that the patentee's invention was obvious. The district court accepted the magistrate's factual findings but concluded that the ultimate conclusion was that the patentee's invention was not obvious. The Federal Circuit reversed and held on appeal that in view of the factual findings, the conclusion of the district court could not be supported by the factual findings. 212 F.3d 1365, 54 U.S.P.Q.2d (BNA) 1763 (Fed. Cir. 2000).

17 Id. at 673, 57 U.S.P.Q.2d at 1174.

18 Id. at 663, 57 U.S.P.Q.2d at 1166.

19 Id.

20 Id. at 663-64, 57 U.S.P.Q.2d at 1166 .

21 Id. at 667, 57 U.S.P.Q.2d at 1169 (citations omitted).

22 Id. at 660, 57 U.S.P.Q.2d at 1163.

23 222 F.3d 973, 55 U.S.P.Q.2d (BNA) 1609 (Fed. Cir. 2000).

24 Id. at 982, 55 U.S.P.Q.2d at 1615.

25 Id. at 976, 55 U.S.P.Q.2d at 1610.

26 Id. at 982, 55 U.S.P.Q.2d at 1615.

27 Id.

28 Id. at 978, 55 U.S.P.Q.2d at 1612.

29 Id.

30 Id. at 982, 55 U.S.P.Q.2d at 1615 (citations omitted).

31 Id.

32 Id. at 983, 55 U.S.P.Q.2d at 1616.

33

Id.

34

Id. at 979, 55 U.S.P.Q.2d at 1613.

35

Id. at 983, 55 U.S.P.Q.2d at 1616.

36

Id. at 984, 55 U.S.P.Q.2d at 1617.

37

Id. at 983, 55U.S.P.Q.2d at 1616.

38

Id. at 984, 55U.S.P.Q.2d at 1617.

39

Id.

40

216 F.3d 1372, 55 U.S.P.Q.2d (BNA) 1279 (Fed. Cir. 2000).

41

Id. at 1375, 55 U.S.P.Q.2d at 1280.

42

Id. at 1376, 55 U.S.P.Q.2d at 1281. See generally 35 U.S.C. §112 (2000).

43

Id.

44

Id.

45

Id. at 1380, 55 U.S.P.Q.2d at 1284.

46

Id. at 1377, 55 U.S.P.Q.2d at 1282. See generally 35 U.S.C. §112 (2000).

47

Id.

48

Id., 55 U.S.P.Q.2d at 1281 .

49

Id., 55 U.S.P.Q.2d at 1282 (citations omitted).

50

Id. at 1379, 55 U.S.P.Q.2d at 1283.

51

Id.

52

Id. 1380, 55 U.S.P.Q.2d at 1284.

53 216 F.3d 1372, 55 U.S.P.Q.2d (BNA) 1279 (Fed. Cir. 2000).

54 Id. at 1380, 55 U.S.P.Q.2d at 1284.

55 Id.

56 Id.

57 Id. at 1382, 55 U.S.P.Q.2d at 1285.

58 Id.

59 Id.

60 See *Kingsdown Med. Consultants Ltd. v. Hollister, Inc.*, 863 F.2d 867, 9 U.S.P.Q.2d (BNA) 1384, 1392 (Fed. Cir. 1988).

61 204 F.3d 1368, 54 U.S.P.Q.2d (BNA) 1001 (Fed. Cir. 2000).

62 Id. at 1372, 54 U.S.P.Q.2d at 1003-04.

63 Id. at 1371-72, 54 U.S.P.Q.2d at 1003.

64 Id. at 1372, 54 U.S.P.Q.2d at 1004.

65 Id. at 1375, 54 U.S.P.Q.2d at 1006.

66 Id. at 1372, 54 U.S.P.Q.2d at 1004.

67 Id. at 1375, 54 U.S.P.Q.2d at 1006.

68 Id. at 1374, 54 U.S.P.Q.2d at 1005 (citing 37 C.F.R. §1.56 (1995)).

69 Id. at 1376, 54 U.S.P.Q.2d at 1006.

70 Id.

71 Id.

72 Id. at 1371, 54 U.S.P.Q.2d at 1003.

73 Id. at 1376, 54 U.S.P.Q.2d at 1006-07.

74 Id. at 1376, 54 U.S.P.Q.2d at 1007.

75 Id. at 1376-77, 54 U.S.P.Q.2d at 1007.

76 Id. at 1376, 54 U.S.P.Q.2d at 1007.

77 Id. at 1377, 54 U.S.P.Q.2d at 1007.

78 Id.

79 Id.

80 Id.

81 Id.

82 225 F.3d 1315, 56 U.S.P.Q.2d (BNA) 1001 (Fed. Cir. 2000).

83 Id. at 1317, 56 U.S.P.Q.2d at 1002.

84 Id.

85 Id.

86 Id. at 1320, 56 U.S.P.Q.2d at 1010-11.

87 Id., 56 U.S.P.Q.2d at 1012-13.

88 Id. at 1322, 56 U.S.P.Q.2d at 1018.

89 Id.

90 Id., 56 U.S.P.Q.2d at 1020.

91 Id. at 1321, 56 U.S.P.Q.2d at 1015.

92 Id., 56 U.S.P.Q.2d at 1016 (citations omitted).

93 Id., 56 U.S.P.Q.2d at 1015

94 Id. at 1322, 56 U.S.P.Q.2d at 1019.

95 Id. at 1323, 56 U.S.P.Q.2d at 1020.

96 231 F.3d 1373, 56 U.S.P.Q.2d (BNA) 1681 (Fed. Cir. 2000).

97 Id. at 1375, 56 U.S.P.Q.2d at 1682.

98 Id.

99 Id.

100 Id. at 1375-77, 56 U.S.P.Q.2d at 1682-84.

101 Id. at 1375, 56 U.S.P.Q.2d at 1682. The ‘102 application was a continuation-in-part of the ‘300 application, which was a continuation-in-part of a 1968 grandparent application. Li claimed that the 1968 grandparent application entitled him to priority over the prior art. Id. at 1375-76, 56 U.S.P.Q.2d at 1682-83.

102 Id. at 1377, 56 U.S.P.Q.2d at 1684.

103 Id. at 1379, 56 U.S.P.Q.2d at 1685.

104 Id. at 1376-77, 56 U.S.P.Q.2d at 1683-84.

105 Id. at 1377, 56 U.S.P.Q.2d at 1684.

106 Id.

107 Id.

108 Id.

109 Id. at 1377-78, 56 U.S.P.Q.2d at 1685.

110 Id.

111 Id.

112 Id.

113 Id.

114 Id. at 1380, 56 U.S.P.Q.2d at 1686.

115 Id.

116 Id.

117 215 F.3d 1246, 55 U.S.P.Q.2d (BNA) 1001 (Fed. Cir. 2000).

118 Id. at 1249, 55 U.S.P.Q.2d at 1003.

119 Id. at 1251, 55 U.S.P.Q.2d at 1004.

120 Id.

121 Id. at 1255, 55 U.S.P.Q.2d at 1007.

122 Id. at 1254, 55 U.S.P.Q.2d at 1006.

123 Id. at 1255, 55 U.S.P.Q.2d at 1007.

124 Id. at 1257, 1257 n.5, 55 U.S.P.Q.2d at 1008, 1008 n.5 (quoting Restatement (Second) of Contracts § 24 (1979)) (noting that “[a]lthough not authoritative, the Restatement has long been recognized as useful in establishing the general law governing law of contracts, including offers”).

125 Id.

126 Id.

127 Id. at 1258, 55 U.S.P.Q.2d at 1009.

128 Id. at 1252, 55 U.S.P.Q.2d at 1005.

129 406 U.S. 518, 173 U.S.P.Q. (BNA) 769 (1972).

130 215 F.3d at 1252-53 n.2, 55 U.S.P.Q.2d at 1005 n.2.

131 Id. at 1252, 55 U.S.P.Q.2d at 1005.

132 Nutrinova Nutrition v. International Trade Comm'n, 224 F.3d 1356, 1359-60, 55 U.S.P.Q.2d (BNA) 1951, 1954 (Fed. Cir. 2000) (summarizing 35 U.S.C. §295 (Fed. Cir. 2000)).

133 224 F.3d 1356, 55 U.S.P.Q.2d (BNA) 1951 (Fed. Cir. 2000).

134 Id. at 1360, 55 U.S.P.Q.2d at 1954.

135 Id.

136 Id.

137 Id.

138 234 F.3d 558, 56 U.S.P.Q.2d (BNA) 1865 (Fed. Cir. 2000).

139 Id. at 566, 56 U.S.P.Q.2d at 1870.

140 Id. at 567, 56 U.S.P.Q.2d at 1871.

141 Id. at 568, 56 U.S.P.Q.2d at 1871.

142 Id.

143 Id. at 569, 56 U.S.P.Q.2d at 1872.

144 Id. at 572, 56 U.S.P.Q.2d at 1875.

145 Id. at 574, 56 U.S.P.Q.2d at 1877.

146 See id. at 577, 56 U.S.P.Q.2d at 1879.

147 Id. at 578, 56 U.S.P.Q.2d at 1880.

148 172 F.3d 817, 49 U.S.P.Q.2d (BNA) 1865 (Fed. Cir. 1999).

149 See id. at 831-32, 49 U.S.P.Q.2d at 1875.

150 203 F.3d 800, 53 U.S.P.Q.2d (BNA) 1747 (Fed. Cir. 2000). For a good discussion of *In re Spalding*, see William M. Atkinson and Sandra L. Boscia, *An End to the Debate Concerning the Application of Attorney-Client Privilege to Patent Solicitation*, *Intellectual Property Today*, October, 2000, at 42.

151 “Invention records are standard forms generally used by corporations as a means for inventors to disclose to the corporation’s patent attorneys that an invention has been made and to initiate patent action. They are usually short documents including space for such information as names of inventors, description and scope of invention, closest prior art, first date of conception and disclosure to others, dates of publication, etc.” 203 F.3d at 802 n.2, 53 U.S.P.Q.2d at 1748 n.2.

152 See id. at 804, 53 U.S.P.Q.2d at 1750.

153 See id. at 802, 53 U.S.P.Q.2d at 1749.

154 See id.

155 See id. at 805, 53 U.S.P.Q.2d at 1751.

156 Id. at 803, 53 U.S.P.Q.2d at 1749.

157 See id.

158 See id. at 805-06, 53 U.S.P.Q.2d at 1751-52.

159 See id. at 806, 53 U.S.P.Q.2d at 1751.

160 Id.

161 Id., 53 U.S.P.Q.2d at 1752 (citations omitted).

162 Id.

163 Id. at 806 n.3, 53 U.S.P.Q.2d at 1752 n.3 (citing *Jack Winter, Inc. v. Koratron Co.*, 50 F.R.D. 225, 228, 166 U.S.P.Q. (BNA) 295, 297-98 (N.D. Cal. 1970); *Howes v. Medical Components, Inc.*, 7 U.S.P.Q.2d (BNA) 1511, 1512 (E.D.Pa. 1988); *Detection Sys., Inc. v. Pittway Corp.*, 96 F.R.D. 152, 155, 220 U.S.P.Q. (BNA) 716, 717 (W.D.N.Y. 1982); *Sneider v. Kimberly-Clark Corp.*, 91 F.R.D. 1, 5 (N.D.Ill. 1980); *Choat v. Rome Indus., Inc.*, 462 F. Supp. 728, 732, 203 U.S.P.Q. (BNA) 355, 358 (N.D.Ga 1978)).

164 Id.

165 Id.

166 Id.

167 Id. at 807, 53 U.S.P.Q.2d at 1753.

168 Id.

169 Id. (stating that to prove common law fraud, a party must prove five indispensable elements: “(1) a representation of material fact, (2) the falsity of that representation, (3) the intent to deceive or, at least, a state of mind so reckless as to the consequences that it is held to be the equivalent of intent (scienter), (4) a justifiable reliance upon the misrepresentation by the party deceived which induces him to act thereon, and (5) injury to the party deceived as a result of his reliance on the misrepresentation,” quoting Nobelpharma AB v. Implant innovations, Inc., 141 F.3d 1059, 1069-70, 46 U.S.P.Q.2d (BNA) 1097, 1106 (Fed. Cir. 1998)).

170 Id. (quoting Nobelpharma AB v. Implant Innovations, Inc., 141 F.3d 1059, 1069-70, 46 U.S.P.Q.2d (BNA) 1097, 1106 (Fed. Cir. 1998)) (citations omitted).

171 Id. (citations omitted).

172 Id. (citations omitted).

173 208 F.3d 981, 54 U.S.P.Q.2d (BNA) 1179 (Fed. Cir. 2000).

174 Id. at 983, 54 U.S.P.Q.2d at 1180.

175 Id. at 986 n.6, 54 U.S.P.Q.2d at 1183 n.6.

176 Id. at 986, 54 U.S.P.Q.2d at 1183.

177 Id. at 985, 54 U.S.P.Q.2d at 1182.

178 Id. at 985 n.5, 54 U.S.P.Q.2d at 1182 n.5.

179 Id. at 983, 54 U.S.P.Q.2d at 1181.

180 Id., 54 U.S.P.Q.2d at 1180.

181 Id. at 986, 54 U.S.P.Q.2d at 1183.

182 Id. at 986, 986 n.6, 54 U.S.P.Q.2d at 1183, 1180 n.6.

183 Id. at 986, 54 U.S.P.Q.2d at 1183.

184 Id. (emphasis added).

185 Id.

186 Id. at 988, 54 U.S.P.Q.2d at 1185.

187 213 F.3d 1359, 54 U.S.P.Q.2d (BNA) 1846 (Fed. Cir. 2000).

188 Id. at 1361, 54 U.S.P.Q.2d at 1847.

189 Id.

190 Id., 54 U.S.P.Q.2d at 1847-48.

191 Id. at 1363, 54 U.S.P.Q.2d at 1849.

192 Id.

193 Id.

194 Id. at 1362, 54 U.S.P.Q.2d at 1848.

195 Id.

196 Id.

197 Id. at 1364, 54 U.S.P.Q.2d at 1849.

198 Id.

199 208 F.3d 981, 986, 54 U.S.P.Q.2d (BNA) 1179, 1183 (Fed. Cir. 2000) (“View is not required to allow pre-litigation discovery, as requested by Robotic, nor is it required to allow Robotic any not approved by the court.”).

200 Hoffman-LaRoche, 213 F.3d at 1365, 54 U.S.P.Q.2d at 1850.

201 202 F.3d 1353, 53 U.S.P.Q.2d (BNA) 1601 (Fed. Cir. 2000).

202 Id. at 1354, 53 U.S.P.Q.2d at 1602.

203 Id. 1354-55, 53 U.S.P.Q.2d at 1602.

204 Id. at 1355, 53 U.S.P.Q.2d at 1602.

205 Id.

206 Id.

207 Id. at 1354, 53 U.S.P.Q.2d at 1602.

208 Id. at 1355, 53 U.S.P.Q.2d at 1602.

209 Id., 53 U.S.P.Q.2d at 1603.

210 Id. at 1356, 53 U.S.P.Q.2d at 1603.

211 Id.

212 228 F.3d 1357, 56 U.S.P.Q.2d (BNA) 1222 (Fed. Cir. 2000).

213 Id. at 1358, 56 U.S.P.Q.2d at 1223.

214 Id.

215 Id.

216 Id.

217 Id.

218 Id.

219 Id.

220 Id.

221 Id.

222 Id.

223 Id.

224 Id. at 1360, 56 U.S.P.Q.2d at 1224.

225 Id. at 1359, 56 U.S.P.Q.2d at 1224.

226 Id.

227 Id.

228 Id.

229 Id.

230 Id. at 1360, 56 U.S.P.Q.2d at 1224.

231 Id.

232 203 F.3d 782, 53 U.S.P.Q.2d (BNA) 1765 (Fed. Cir. 2000).

233 Id. at 783, 53 U.S.P.Q.2d at 1766.

234 Id.

235 Id.

236 Id.

237 Id. at 783-84, 53 U.S.P.Q.2d at 1766.

238 Id. at 784, 53 U.S.P.Q.2d at 1766.

239 Id. at 783-84, 53 U.S.P.Q.2d at 1766.

240 Id. at 784, 53 U.S.P.Q.2d at 1767.

241 Id.

242 Id.

243 Id. at 785, 53 U.S.P.Q.2d at 1767.

244 Id.

245 Id. (citing *Zenith Elecs. Corp. v. Exzec, Inc.*, 182 F.2d 1340, 51 U.S.P.Q.2d (BNA) 1337 (Fed. Cir. 1999)).

246 Id. at 785, 53 U.S.P.Q.2d at 1768.

247 747 F.2d 1422, 1431, 223 U.S.P.Q. (BNA) 1074, 1081 (Fed. Cir. 1984) (en banc).

248 Nilssen, 203 F.3d at 785, 53 U.S.P.Q.2d at 1768.

249 Winner Int'l Royalty Corp. v. Wang, 202 F.3d 1340, 1345, 53 U.S.P.Q.2d (BNA) 1580, 1584 (Fed. Cir. 2000).

250 Id.

251 202 F.3d 1340, 53 U.S.P.Q.2d (BNA) 1580, 1584 (Fed. Cir. 2000).

252 Id. at 1343, 53 U.S.P.Q.2d at 1582.

253 Id.

254 Id.

255 Id.

256 Id.

257 Id. at 1343-44, 53 U.S.P.Q.2d at 1582.

258 Id. at 1344-45, 53 U.S.P.Q.2d at 1583-84.

259 Id. at 1347, 53 U.S.P.Q.2d at 1585.

260 Id., 53 U.S.P.Q.2d at 1585-86.

261 Id. at 1347 n.4, 53 U.S.P.Q.2d at 1585 n.4.

262 Id.

263 Id. at 1346-47, 53 U.S.P.Q.2d at 1585.

264 Id. at 1347, 53 U.S.P.Q.2d at 1585. Interestingly, Charles L. Gholz, co-counsel for Wu and Winner International Royalty Corp., stated in a recent article that the Board has heard live testimony in at least one case and can view depositions submitted on a video tape. See Charles L. Gholz, Why 35 USC 146 Practice Should Boom, Intellectual Property Today, Dec. 2000, at 48-49.

265 See 35 U.S.C. §146 (2000).

266 Winner Int'l Royalty Corp. v. Wang, 202 F.3d 1340, 1348, 53 U.S.P.Q.2d (BNA) 1580, 1586 (Fed. Cir. 2000).

267 Id.

268 Id.

269 203 F.3d 1322, 53 U.S.P.Q.2d (BNA) 1852 (Fed. Cir. 2000).

270 Id. at 1324, 53 U.S.P.Q.2d at 1853.

271 Id., 53 U.S.P.Q.2d at 1854.

272 Id.

273 Id.

274 Id. at 1324, 53 U.S.P.Q.2d at 1853-54.

275 Id. at 1329, 53 U.S.P.Q.2d at 1858.

276 Id. at 1326, 53 U.S.P.Q.2d at 1855.

277 Id. (emphasis added).

278 See id.

279 Id. at 1327, 53 U.S.P.Q.2d at 1856.

280 Id. at 1328, 53 U.S.P.Q.2d at 1856.

281 See id. at 1327, 53 U.S.P.Q.2d at 1856.

282 234 F.3d 558, 56 U.S.P.Q.2d (BNA) 1865 (Fed. Cir. 2000) (en banc).

283 203 F.3d 800, 53 U.S.P.Q.2d 1747 (BNA) (Fed. Cir. 2000).

284 202 F.3d 1340, 48 U.S.P.Q.2d 1139 (BNA) (Fed. Cir. 2000).