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President's Corner

by Herbert F. Schwartz

In my final column as President, I would like to pass on to the membership a brief reprise of this year's highlights.

In view of the enactment of continuing legal education in New York, the major thrust of your Association's activities this year has been to put in place what we hope will be the beginning of a meaningful CLE program that will assist our members in satisfying the New York Bar requirements, while at the same time providing stimulating and enjoyable programs. The amount of work in becoming a provider and meeting all of the state requirements is nothing short of monumental. Since we are a voluntary organization without paid assistance, the burden has fallen on our committee chair, Anthony Giaccio, who has done an incredible job in setting up and getting the program off the ground, as well as running it. I know that the rest of the Board shares my thanks to Anthony in putting in place what will be a very valuable resource for the membership for years to come.

This year on March 24, I had the privilege of presiding over the NYIPLA's 78th Annual Dinner in Honor of the Federal Judiciary. This dinner, once again, had record attendance and continues to be one of the major happenings in the U.S. intellectual property community. It is a credit to the hard work of this Association that this outstanding event continues to draw many judges and other dignitaries as guests of the Association. Calvin Trillin, our key note speaker, provided worthy remarks concerning his views on aspects of intellectual property. Bob Neuner as First Vice President earns my gratitude, plus the thanks of the Association, for making this once more a terrific dinner.

As our member's ranks grow and our work increases, the tasks of officers continues to expand. The lion's share of the work falls on the Secretary and Treasurer. This year, once again, Mel Garner as Secretary and John Murnane as Treasurer performed outstandingly in their respective offices. It is difficult to understand how they can conduct active practices, which they do, as well as perform the tasks assigned to them by the Association.

I would like to thank the remaining officers, John Sweeney, the President Elect, Bob Neuner, the First Vice President, Rich DeLucia, the Second Vice President, along with the Board of Directors. This brief acknowledgment does not at all reflect the meaningful and significant work all of them have put in during the last year.

I have enjoyed the opportunity to serve as President this past year. I look forward to helping John and the remainder of the Board in the future.

News from the Board of Directors

By Melvin C. Garner

The Board of Directors met at the New York Yacht Club on Tuesday, April 11, 2000. President Herbert Schwartz presided. Rochelle K. Seide, Chair of the Public Information and Education Committee, Morgan Sullivan Walsh of the Internet Committee and Catherine Clayton of BatNetOne attended the meeting at the invitation of the Board.

The minutes of the Board Meeting of March 14, 2000 were presented to the Board. There being no corrections, the minutes were adopted. John Murnane presented the Treasurer's Report of April 11, 2000. He stated that the Association's finances are in good shape. However, the Profit and Loss Statement shows a net of expenses over income in the last month, in the amount of \$46,000, due to payments made with respect to expenses for the Judges Dinner. The total assets of the Association as of April 10, 2000 were \$529,000, of which \$450,000 was in the checking account.

Mr. Murnane also reported that there was an audit underway of the Association's books. Apparently, the audit was triggered because the Association changed its name several years ago, and its tax returns were being submitted under the new name. As a result, the auditor had requested the files of the Secretary and the Treasurer.

Mr. Murnane reported that the profit for the Judge's Dinner to the Association was likely to be between \$40,000-\$50,000. While the Association had raised the price for the tickets to the event, the expenses also rose, so the profit was comparable to last year's. On motion, and second, the Treasurer's Report was adopted.

Mr. Schwartz gave the President's Report. He indicated that the Association would dispense with the May Board meeting in favor of the Annual Meeting to be held on May 17th. As of the meeting, the number of members scheduled to attend the Judge's Dinner was 80 higher than last year at the same time. The speaker for the Judge's Dinner is receiving a fee of \$15,000, which is about half the normal fee this speaker normally receives.

John Sweeney reported that the Association would be a sponsor of the ABA Reception to be held on July 8th at 666 Fifth Avenue - Top of the Tower Restaurant. The \$5,000 contribution of the Association for the event was confirmed.

Mr. Sweeney reported that there had been a suggestion that the Association use name tags for those attending the Judge's Dinner. It was also reported that the TV reception in the satellite rooms was not particularly good, and some effort should be made to correct that.

Richard DeLucia reported that the Notices for the Annual Dinner had gone out and that a second mailing would be sent out to keep attendance up. Todd Dickinson, Commissioner of Patents and Trademarks, will be the speaker. His speech will be worth one-half of a CLE credit.

Ms. Seide discussed the Inventor of the Year Award and the Conner Writing Competition. The writing competition papers were briefly discussed and it was decided that members of the Board could vote for a paper by an e-mail to Ms. Seide. The candidates for Inventor of the Year were also discussed, and it was decided that Board members could e-mail Ms. Seide with their votes for that position also.

Mr. Schwartz distributed a proposal for having BatNetOne take over the roll of the web site. A brief discussion of the proposal was held, led by Catherine Clayton of BatNetOne and Morgan Sullivan-Walsh of the Internet Committee. They reported that the Association's site would be an access point to other sites,

such as the USPTO site. Further, the idea was that the site would be tool for members. One of the first efforts would be to eliminate outdated information and to place current information on the site. This would include a directory of members, including e-mail addresses. Further, this site could provide the answers to frequently asked questions providing simple advice. In this connection, there would be no free publicity to particular members of the Association on the site.

Another aspect of the site would be to allow members to pay for events and their dues by credit card. There would also be a special member area that would be accessible by a password. Further, the site would be searchable and would include a chat area and a bulletin board area. The estimate is that the total costs for site design would be approximately \$41,000. The cost of operating the site would be approximately \$45,000 per year. A discussion was held as to whether or not part of this expense could be offset by e-mailing member of the Association four times a year as opposed to mailing material to the members. A hosting service would cost approximately \$9,000 per year. Charles Baker suggested that the site also include committee pages. It was decided to table further consideration until the next fiscal year due to the expense involved.

There being no further business, the meeting adjourned.

Recent Decisions of Interest

By *Thomas A. O'Rourke*

Means Plus Function Under 35 U.S.C. § 112, ¶ 6

In *IMS Technology, Inc. v. Haas Automation, Inc.*, No. 99-1019 (Fed. Cir. Mar. 27, 2000), the Federal Circuit addressed the issue what constitutes an equivalent structure when analyzing infringement under 35 U.S.C. § 112, ¶ 6. The IMS patent was directed to numerical control of a machine tool, such as for example, a milling machine. The claimed program may be stored in an alterable memory such as RAM. or permanently on a tape cassette. The district court granted Haas's motion for summary judgment of noninfringement. On appeal, the Federal Circuit focused on two terms in claims 1 and 7 of the patent in suit: "interface means" and "data block." The district court had deemed the term "interface means" as a means-plus-function limitation under 35 U.S.C. § 112, ¶ 6. Relying on the specification, the district court concluded that the corresponding structure for this limitation included a tape cassette transport. The district court held that Haas's floppy disk drive was not an equivalent structure and therefore there was no infringement of this limitation. As to the claimed "data block" feature, the district court held that this term limited to the specific features described in the patent.

The Federal Circuit vacated and concluded that the district court erred in its claim construction. On the infringement issue, the Federal Circuit also rejected the district court's infringement analysis. The Federal Circuit cautioned that a rigid comparison of physical structures to determine equivalence under section 112, ¶ 6 may be inappropriate and stressed that although the statute requires two structures to be equivalent, it does not require them to be "structurally equivalent." The Court also stressed that the test for equivalence under section 112, ¶ 6 is "closely related" to the test for equivalence under the doctrine of equivalents, and therefore, the district court should consider the "context of the invention" when performing a section 112, ¶ 6 equivalence analysis as it does in a doctrine of equivalence analysis. The CAFC recognized that, in certain instances, the analysis of the insubstantiality of the differences in the context of the invention may result in a finding of equivalence under section 112, ¶ 6 even though the structures are arguably not equivalent structures in other contexts. The Federal Circuit applied these principles and concluded that there were issues of fact whether the physical differences between a floppy disk and a tape cassette transport are substantial in light of the role played by the "interface means" in the claimed invention.

Inequitable Conduct from Translation of Foreign Documents

In *Semiconductor Energy Laboratory Co. v. Samsung Electronics Co.*, No. 98-1377 (Fed. Cir. Mar. 2, 2000), the Federal Circuit affirmed the district court's ruling that the patent in suit was unenforceable for inequitable conduct and affirmed the district court's grant of summary judgment. The inequitable conduct arose from an information disclosure statement for the patent, in which plaintiff submitted ninety references for consideration by the Examiner. One of the references was a published Japanese assigned to Canon. Rather than submitting a full translation of the Canon reference, the inventor submitted only a partial translation along with a short statement characterizing the Canon reference.

The Federal Circuit found no error in the district court's conclusion that the Canon reference was material since the untranslated portions of the reference contained a more complete combination of the claim elements in the patent and that the Canon reference established a prima facie case of obviousness in combination with other prior art of record. The Federal Circuit also found no error in the district court's finding of intent. Addressing 37 C.F.R. § 98 and Manual of Patent Examining Procedure § 609A(3), the Federal Circuit explained that Rule 98 is not a license for concealing material portions of a prior art reference. Furthermore, the Court found that while MPEP § 609A(3) allows the applicant some discretion in how it phrases a concise explanation, it does not authorize the applicant to intentionally omit key teachings of the reference. The CAFC rejected plaintiff's contention that it did not withhold the Canon reference since it submitted the full untranslated version of the reference. The Federal Circuit noted that there is no presumption that the Examiner will understand foreign languages or that the Examiner will request a costly translation, particularly where the Applicant gave the Examiner with the impression in the explanation of the Canon reference that there was no need for any further translation. The duty of candor requires that an Applicant refrain from submitting partial translations and concise explanations that it knows will misdirect the Examiner's attention from the reference's relevant teaching. Normally there is a presumption of consideration that arises when the Examiner has initialed the Form PTO-1449 listing next to a reference. The presumption of consideration in this instance is limited to the partial translation and the statement rather than to the underlying reference itself.

Written Description Defense

In *Union Oil Co. of California v. Atlantic Richfield Co.*, No. 99-1066 (Fed. Cir. Mar. 29, 2000), the Federal Circuit affirmed a district court's denial of the defendant's motion for judgment as a matter of law ("JMOL") concerning anticipation and written description defenses under § 112. A jury had found that Union Oil's patent was not invalid and was willfully infringed. The district court held that the patent was not unenforceable for inequitable conduct. Atlantic Richfield's motion for JMOL was rejected by the district court. Atlantic Richfield appealed. In construing the claims which were directed to a fuel, the district court limited the scope of the claims to fuels regularly used in automobiles and excluded from the scope of the claims other types of fuels such as aviation fuels or racing fuels.

The Federal Circuit affirmed this construction relying on the plain words of the claims and the specification's references to ordinary passenger automobiles. The Federal Circuit affirmed holding that substantial evidence supported the jury's finding that the prior art aviation and racing fuels were not anticipatory because they lacked the limitations of being restricted to standard passenger automobiles. Atlantic Richfield also contended that the claims in suit were invalid because the specification failed to comply with the written description requirement of 35 U.S.C. § 112. The Federal Circuit affirmed holding that substantial evidence supported the jury's finding of validity. Specifically, the Federal Circuit concluded that the specification taught one skilled in the art that the patentees were in possession of the claimed fuels at the time of the filing of the application. The CAFC rejected Atlantic Richfield's contention that the specification does not teach the exact chemical composition of each combination falling within the range of the claims. The Federal Circuit held that the fuel combinations were properly expressed as ranges and the specification adequately taught one skilled in the art how to achieve the claimed ranges by altering the relative proportions of the various components. The Federal Circuit concluded that one skilled in the art could derive the claimed ranges from the patent's disclosure without specifying the chemical components of each combination.

Claim Construction

In *Zodiak Pool Care, Inc. v. Hoffinger Industries, Inc.*, No. 99-1224 (Fed. Cir. Mar. 24, 2000), the Federal Circuit affirmed a district court's finding of noninfringement either literally or under the doctrine of equivalents. The Federal Circuit also affirmed the district court's judgment denying an award of attorney fees to defendant. Claim 1, the sole independent claim of the patent, recited a pool cleaning system that includes a flexible disc and a stop for preventing upward flexing of a peripheral edge of the disc. The claim describes the stop as being located "above and substantially inward of the peripheral edge." Zodiak contended that the claim should be construed to cover devices, such as Hoffinger's, in which at least a portion of the stop is located inward of the disc periphery and performs the same function. The Federal Circuit, however, held that, in the absence of claim language or prosecution history statements that clearly indicated that only "a portion" of the stop need be within the peripheral edge, the public was entitled to rely on the structural limitations of the claims. With respect to Hoffinger's motion for attorney fees the Federal Circuit concluded that Zodiak had established a good faith basis for the action by hiring an expert and securing an opinion prior to filing the suit.

Motion to Dismiss Not Treated as a Motion for Summary Judgment

In *Phonometrics, Inc. v. ITT Sheraton Corp.*, No. 99-1130 (Fed. Cir. Mar. 16, 2000) (nonprecedential decision), the Federal Circuit reversed the district court's order that dismissed Phonometrics's complaint for failure to state a claim and remanded for further proceedings. ITT Sheraton Corp. argued that the district court should not evaluate the dismissal under the liberal pleading standards of Fed. R. Civ. P. 12(b)(6), but instead should treat the dismissal as if it had been a grant of summary judgment because Rule 12(b) allows a district court to treat a motion to dismiss as a motion for summary judgment if it considers matters outside the pleadings.

The record in the appeal that ITT relied on include Phonometrics's apparent concessions that the ITT did not infringe the Phonometrics patent in light of the claim construction in *Intellicall, Inc. v. Phonometrics*, 952 F.2d 1384 (Fed. Cir. 1992) and in *Phonometrics, Inc. v. Northern Telecom, Inc.*, 133 F.3d 1459 (Fed. Cir. 1998). The Federal Circuit concluded that the dismissal should not be treated as a grant of summary judgment under Rule 56, because to do so on appeal would deprive Phonometrics of its rights under Rule 56, such as allowing Phonometrics to attempt to defeat the summary judgment motion by serving opposing affidavits or allowing Phonometrics to conduct limited discovery. Since the district court's order only permitted Phonometrics to amend its complaint, the Federal Circuit reversed and remanded for further proceedings.

Attorneys' Fees

In a second *Phonometrics* case, *Phonometrics, Inc. v. ECI Telecom Business Networks, Inc.*, No. 99-1161 (Fed. Cir. Mar. 16, 2000) (nonprecedential decision), the Federal Circuit vacated an award of attorney fees to defendant, remanded the case for further proceedings, and denied motions for sanctions under Fed. R. App. P. 38. The award of attorney fees was vacated because the district court had considered a nonbinding claim construction in *Intellicall, Inc. v. Phonometrics*, 952 F.2d 1384 (Fed. Cir. 1992) and failed to consider the timing of a binding claim construction in *Phonometrics, Inc. v. Northern Telecom, Inc.*, 133 F.3d 1459 (Fed. Cir. 1998).

The district court reasoned that Phonometrics asserted the only independent claim of the patent in suit based on a claim interpretation that Phonometrics knew was erroneous in view of the decisions in *Northern Telecom, Inc.*, and *Intellicall, Inc.* *Northern Telecom*, however, was decided after the present infringement action was filed. The Federal Circuit concluded that the correct claim construction was not before Phonometrics when Phonometrics brought the present suit, and consequently, the district court's conclusion that Phonometrics had knowledge of the proper claim construction, in view of *Northern Telecom, Inc.*, and *Intellicall, Inc.*, was not supported in the record. Thus, the Federal Circuit concluded that an award of attorney fees was not appropriate.

Refusal to License Not an Antitrust Violation

In *CSU, L.L.C. v. Xerox*, No. 99-1323 (Fed. Cir. Feb. 17, 2000), the Federal Circuit affirmed a district court decision granting summary judgment to Xerox dismissing CSU's antitrust claims based on Xerox's refusal to sell or license its patented inventions and copyrighted works to plaintiffs. The district court held that the unilateral refusal to sell or license a lawfully acquired patent or copyright is not an antitrust violation. The district court also concluded that the patent or copyright owner's intent in refusing to sell or license was irrelevant. On appeal, the Federal Circuit concluded that while a patent owner's right to exclude is not unlimited, "[i]n the absence . . . of illegal tying, fraud in the Patent and Trademark Office, or sham litigation, [a] patent holder may . . . exclude others from making, using, or selling the claimed invention free from liability under the antitrust laws." CSU, slip op. at 10. The CAFC declined to follow the Ninth Circuit's contrary ruling on remand from the Supreme Court in *Image Technical Services, Inc. v. Eastman Kodak Co.*, 125 F.3d 1195 (9th Cir. 1997).

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