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This is the premiere issue of Willkie Farr & Gallagher’s *Federal Circuit Review*, a newsletter from the Intellectual Property Department covering recent developments taking place in the Court of Appeals for the Federal Circuit. The *Federal Circuit Review* will present an annual synopsis of the most recent decisions and what they mean for today’s intellectual property-focused businesses. Each issue will present recent developments and highlights concerning a specific area of patent law.

This issue will focus on anticipation. The patent statute denies patentability when an invention is anticipated by a prior public disclosure of relevant prior art. Public disclosure encompasses certain kinds of knowledge, use, publication, description, and sale. What constitutes public disclosure and relevant prior art are questions of fact, and the law is always evolving to account for new technologies affecting how information is spread. This issue will explore some recent cases that discuss anticipation by prior publication, prior sale, and “inherent” anticipation.

#### THE “PRINTED PUBLICATION” REQUIREMENT

Timing is crucial to determining whether a reference qualifies as prior art. If art is “described in a printed publication in this or a foreign country” prior to the patent applicant’s date of invention (35 U.S.C. § 102(a)), or more than one year prior to the date of application in the U.S. (§ 102(b)), an invention anticipated by that art cannot be patented. The inquiry often turns on whether a piece of prior art qualifies as a “printed publication.”

The printed publication question is a fact-specific inquiry, and trends have developed slowly as information technology has progressed. For many years, the courts generally required material be indexed or catalogued, or to have been actively distributed to a group of people working in the field, in order to be considered anticipatory art.

The most recent cases on the printed publication requirement have tentatively explored a new analytical framework, first presented in the 2004 case of *In re Klopfenstein*. In *Klopfenstein*, Judge Prost held that large posters, broadly displaying information at a conference, constituted printed publications under Section 102(b), despite the fact that the

information was not indexed, catalogued, or distributed in the traditional sense. In place of these old litmus tests, the court noted four factors to consider in measuring public access to a prior art reference: the length of time the reference was available, the expertise of the target audience, reasonable expectations (or the lack thereof) that the reference would not be copied, and the ease with which the reference could be copied.

In the most recent Federal Circuit case construing the printed publication requirement, the disputed patent was found not to be anticipated. In an opinion by Judge Rader, *SRI International, Inc. v. Internet Security Systems, Inc.*, the court determined that materials posted to an FTP site did not constitute printed publications. SRI, the patentee, had appealed a ruling that several of its patents were anticipated by its own prior art references. In connection with a symposium's call for papers, SRI placed a copy of a key paper on its file transfer protocol (FTP) site. SRI's developers shared the FTP address with symposium coordinators and other colleagues, sometimes including more explicit direction to the paper. The FTP site was also freely accessible by the public.

The district court found on summary judgment that the FTP server's directory structure allowed persons of ordinary skill in the art access to the paper and invalidated the patent claims for anticipation. The Federal Circuit vacated and remanded, persuaded by SRI's argument that the file name of the paper was obscure, such that it could not be located without some guidance. In analyzing its precedents, the court positioned the accessibility of the FTP site between that of the posters in *Klopfenstein* and a noncatalogued graduate thesis in a university library in the case *Application of Bayer*. The court compared the FTP server to the un-shelved thesis in Bayer, without "an index or catalogue or other tools for customary and meaningful research." Only select individuals knew of the precise location of the SRI paper, much like the limited number of professors who knew just where to find the graduate thesis in Bayer. The court cited *Klopfenstein*, with respect to which "the FTP server was most closely analogous to placing posters at an unpublicized conference with no attendees."

In dissent, Judge Moore agreed with the majority that the FTP server scenario was beyond the available precedent, but disagreed on the issue of accessibility. Judge Moore analogized the inventor's distribution of the link to the FTP site to a librarian directing patrons to a particular bookshelf populated with both obvious and non-obvious titles. Given that the patentee was in the computer network security business, Judge Moore pointed out the irony that SRI "argues that those skilled in the art of intrusion could not detect information purposefully posted on the Internet by a member of the cyber security community." Judge Moore methodically weighed the *Klopfenstein* factors: the paper was posted around the clock for seven days, available to a sophisticated audience, not subject to any protective measures or confidentiality arrangements, in an online format such that "[c]opying could not be simpler."

*Klopfenstein* could have the potential to change how the courts evaluate printed publication questions, and could theoretically expand the scope of what is considered accessible public art — particularly helpful to defendants. However, *Klopfenstein* has not yet overhauled the paradigm for determining whether a reference rises to the level of a printed publication. In *Eaton Corp. v. 2F Meritor LLC*, the most recent district court case to visit the issue, *SRI International* was interpreted as a mere extension of the cataloguing cases following *Bayer*. The four-factor test for “printed publication” status thus remains to be fully tested.

### Cases referenced

*Application of Bayer*, 568 F.2d 1357 (C.C.P.A. 1978)

*Eaton Corp. v. 2F Meritor LLC*, 2008 WL 920073 (E.D. Mich. 2008)

*In re Klopfenstein*, 380 F.3d 1345 (Fed. Cir. 2004)

*SRI Int’l, Inc. v. Internet Security Systems, Inc.*, 511 F.3d 1186 (Fed. Cir. 2008)

## THE “ON-SALE” BAR

The patent statute also bars the patenting of inventions brought to market more than one year prior to filing a patent application. This limitation is called the “on-sale” bar. The leading case in this area, *Pfaff v. Wells Electronics, Inc.*, held that an invention will be considered anticipated when it has been “both the subject of a commercial offer for sale before the critical date and ready for patenting at the time of the offer.” Conflicts may arise when a patent applicant’s desire to pique investor interest with product previews crosses the line to become a market presence. These cases can turn on what constitutes a “sale” arrangement between an inventor and current or potential business partners.

A recent case on this issue is *Atlanta Attachment Co. v. Leggett & Platt, Inc.* In an opinion by Judge Mayer, the court found the contested patent invalid as anticipated. The case turned on what constitutes “experimental use,” which is an exception to the on-sale bar. The court confirmed that any commercial offer of an invention “ready for patenting” will bar patentability under Section 102.

The ambiguity in this type of case arises in what the inventor can or cannot do to perfect and improve the invention after it is ready for patenting, and how the inventor can solicit outside (and potentially “commercial”) assistance in that process.

Sewing machine manufacturer Atlanta Attachment contracted with mattress-maker Sealy, Inc. to develop a specialty sewing machine. Atlanta Attachment prepared several prototypes, which were “sold” at no profit to Sealy along with offers to sell production models. On three successive occasions prior to the critical date, Sealy reviewed the prototypes, made comments, and returned the prototypes for further development. The parties orally agreed to keep matters confidential, but only Atlanta Attachment was required to do so in writing.

## FEDERAL CIRCUIT REVIEW

Ultimately the parties did not go into business together, and Atlanta Attachment filed for a patent independently. After the patent was issued, Atlanta sued a third party, Leggett & Platt, for infringement; Leggett counterclaimed invalidity due to the on-sale bar. The district court determined that the three pre-critical date prototypes were not “on sale,” because they did not reduce the limitations of the disputed claim to practice, and because the prototype sales were experimental uses.

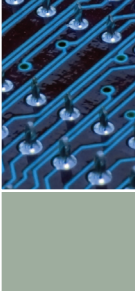
On appeal by Leggett, Atlanta Attachment argued that its pre-critical date use was protected by the experimental use doctrine, and thus not on sale in the prohibited sense. Faced with ambiguity between what constitutes experimentation and commercial exploitation, the court looked to the “primary purpose” of the transaction. Not persuaded by the patentee’s protest that it earned no profits from its sales to Sealy, the court held that the experimental quality of the exchange was subsumed by commercial interests. The court noted that “experimentation conducted to determine whether the invention would suit a particular customer’s purposes does not fall within the experimental use exception.”

The patentee also argued that as its experimentation was ongoing, the invention was not yet ready for patenting at the time of the disputed “sales.” The court found instead that the commercial offer vitiated any ongoing claim to experimental use. Further, because a workable, useable prototype of the invention ultimately claimed by the patent was prepared before the critical date, the court found the invention was reduced to practice and thus ready for patenting. This tells us that the potential for later refinements cannot preclude reduction to practice.

In a concurring opinion, Judge Prost summarized several past Federal Circuit decisions post-*Pfaff* on the point that the experimental use doctrine cannot provide an exception to the on-sale bar once an invention is reduced to practice. This conclusion, she pointed out, effectively limits the availability of the doctrine to the narrow period between the time when the invention is ready for patenting and the time when it is reduced to practice. As a matter of policy, this interpretation could hamper potential patent applicants by cutting off access to outside funding. The *Pfaff* decision specifically discussed the experimental use doctrine as a tool allowing the inventor control over the introduction of the invention to the marketplace.

This concurrence suggests that going forward, the experimental use doctrine should be available after reduction to practice to allow inventors to be able to quietly develop their inventions further, so long as such development is not subject to commercial offers. The Federal Circuit, however, has not taken Judge Prost’s invitation to reevaluate its precedents on the issue.

In the most recent case on this issue, *In re Cygnus Telecommunications Technology LLC*, the patentee struggled to defend its patents on a foreign long-distance telephone system against an on-sale bar challenge. The system’s developer had enlisted the help of two “beta testers”



to troubleshoot his system, which allowed overseas customers to connect calls through locations within the United States, saving on billing rates. The beta testers paid for use of the service.

During prosecution, the inventor admitted that before he engaged the beta testers, he “had built a system that the idea would work [sic], but not necessarily commercially.” Once litigation began, his assignees argued that the beta testing was mere experimental use.

Judge Bryson, affirming the district court’s grant of summary judgment on invalidity, was firm that the refinement of the system, after it was reduced to practice but before it was ready for commercialization, did not constitute experimental use. The court reiterated that there need not be a profit in order to find commercialization. The inventor’s statements established reduction to practice, which meant that no further experimental use could occur.

Though Judge Prost may advocate for greater autonomy for inventors in unveiling their projects, it is clear that the end stages of technological development may give rise to both opportunity and risk. Before a patent has been filed, developers would do well to exercise sound discretion when money changes hands.

### **Cases referenced**

*Atlanta Attachment Co. v. Leggett & Platt, Inc.*, 516 F.3d 1361 (Fed. Cir. 2008)

*In re Cygnus Telecomm’s Tech. LLC, Patent Litigation*, 2008 WL 3842906

*Pfaff v. Wells Electronics, Inc.*, 525 U.S. 55 (1998)

### **INHERENT ANTICIPATION**

Prior art may be anticipatory if every element of a claim is either expressly or inherently found in a single piece of prior art. The latter is called “inherent anticipation.” Inherent anticipation is challenging to prove because it requires the courts to reason legally, and scientifically, beyond the four corners of the patent.

The most significant recent case on inherent anticipation was Judge Rader’s opinion in *In re Omeprazole Patent Litigation*. The disputed patent was found to be inherently anticipated by a foreign patent application. Inherency was determined in large part through an experimental process of elimination and a battle of experts.

Patentee Astra-Zeneca had asserted its patent for a method of making a heartburn medication against several generic manufacturers. The claimed process began with two pharmaceutical layers, but ended with three: a core and a coating separated by a sublayer. This separating sublayer was not added, but formed *in situ* by the claimed process.

At trial, defendant Andrx Pharmaceuticals, Inc. asserted that the claimed process was anticipated by a Korean patent application. Astra had investigated the Korean patentee's product, which it found to contain a subcoating. Astra's investigators claimed to believe that this subcoating was conventionally applied, despite the fact that the Korean applicants had "expressly disavowed the presence of a separating layer." Shortly thereafter, Astra scientists, working separately, presented process conditions for producing a sublayer *in situ*, which formed the basis for the contested patent. Andrx's expert testified that when he followed the process disclosed by the Korean patent application, a separating layer would form "each and every time," and the trial court credited this testimony. In contrast, the trial court gave "little if any weight" to the testimony of Astra's expert, in part because Astra did not supply him with test results from its own investigations into the Korean application's disclosed processes.

Judge Rader focused on whether the Korean patent application inherently disclosed the formation of such a separating layer, even though it did not disclose the formative process conditions. The court was particularly persuaded by the patentee's failure to deny or offer proof to rebut the defendants' testing evidence on inherency at trial. The court emphasized that inherency does not require those skilled in the art to appreciate the operation of an inherent characteristic at the time it is first disclosed -- meaning that the eventual realization of the formation of the *in situ* layer is not a patentable advance.

In dissent, Judge Newman focused intently on the fact that the process disclosed in the Korean application's specification did not claim to produce a separating layer, and that the only evidence to the contrary arose from the generic manufacturer's expert's re-creations. Inherent anticipation, she asserted, is only appropriate when the reference discloses prior art that must necessarily include the unstated limitation. "Conjecture," as she characterized the expert testimony, is insufficient. "[W]hen a claim limitation is not explicitly set forth in a reference, evidence 'must make clear that the missing descriptive matter is necessarily present in the thing described in the reference, and that it would be so recognized by persons of ordinary skill.'"

This case is notable for the deference given to the defendant's expert's testimony by the district court. This decision may have been especially influenced by the disingenuousness of the parties in the foreign proceedings, and its lasting significance is yet to be determined.

### **Case referenced**

*In re Omeprazole Patent Litigation*, 483 F.3d 1364 (Fed. Cir. 2007)



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