



INTELLECTUAL PROPERTY LAW SECTION NEWSLETTER

A NOVEL EXPRESSION OF CONFUSION

SCOTT M. FRANK, CHAIR

WINTER 2004

N. ANDREW CRAIN, EDITOR

CHAIR'S COMMENTS...



Scott Frank, Section Chair

The last several months have been very active for the Intellectual Property Law Section. Many people have contributed their time and efforts, and it is greatly appreciated. The following is a brief overview.

Wab Kadaba (Patent Committee Chair) kicked off the season with an International Patent Strategies program on September 24. This program was presented by Frank Landgraaf of GE Power.

On October 2, Steve Wigmore (Social Committee Chair) coordinated a social event at The Park Tavern, which was well attended. This event was held in conjunction with the Section's Executive Committee Meeting, which immediately preceded the social. The Executive Committee meeting was open to anyone interested in joining a committee, and many people acted on this opportunity. We look forward to having even more people become active in our section by contacting the committee chairs listed on the back cover. Please note the introduction of the new Litigation Committee, which will be chaired by Art Gardner of Gardner & Groff.

Peter Pawlak (Trademark Committee Chair) then followed up on October 13, 2003 with European Trademarks: Strategies in a Changing Landscape. This was presented by John Olsen of Field Fisher in London and Vincent O'Reilly with the OHIM in Spain.

Wab also coordinated a patent roundtable entitled "Recent Developments in Interpretation of Preamble Limitations in Patent Claims" on October 16, 2003. The event was hosted by Alston & Bird, and Jon Jurgovan of Alston & Bird gave an excellent presentation.

On October 17, 2003, our Section continued its support of Georgia lawyers for the Arts. The section again contributed \$1,000 and Mike Hobbs (Chair Elect), Doug Isenberg (Vice Chair), Judy Dray (Treasurer) and Peter Pawlak attended the annual gala. Thanks to Julie Sinor (Website Committee Chair), our website now prominently features artwork by some local Georgia artists.

In conjunction with the Entertainment Law Section, our Section's 9th annual IP Institute took place at the Ritz Carlton in Jamaica from November 13-17. This event had its largest turnout ever with close to 300 attendees. Unless my eyes were deceiving me, many people had fun. Those who attended received a full year of CLE and viewed some great IP presentations, including "The Godfather Meets IP Licensing" performed admirably by Griff Griffin of Sutherland Asbill, Bill Marianes of Troutman Sanders, Michael Bishop of BellSouth, Judy Dray of Turner Broadcasting and David Teske of Alston & Bird---I can't wait for the sequel! We especially thank Darryl Cohen of the Entertainment and Sports Law Section of the Georgia State Bar for all of his hard work and efforts in coordinating this joint section event. Thanks again to everyone who made the IP Institute a big success.

As you would expect, there are many other events currently being planned for 2004. For example, as only intellectual property attorneys can do, we have decided to break from tradition for our annual Holiday Party. Because December tends to be a hectic month for everyone, we have decided to have our Holiday Party on February 20, 2004 around the Mardi Gras theme. Stay tuned for more details on this and many other events coming your way.

In closing, I also want to thank everyone else for their continued efforts in making our section special. In particular, Andrew Crain (Newsletter Committee Chair), diligently and consistently continues to capture the essence of our section in this newsletter. I hope everyone has a wonderful holiday season and look forward to seeing you in 2004.

SCENES FROM
THE 2003 IP
INSTITUTE IN
JAMAICA...
PHOTOS ON
PAGES 8 & 9!



CALENDAR OF EVENTS

Filling Your ToolBox CLE February 4, 2004
State Bar Headquarters

Executive Committee Meeting ... February 4, 2004
State Bar Headquarters
(During lunch of CLE -- open to all)

TM Attorney Happy Hour.....February 4, 2004
McCormick & Schmick's

Section Mardi Gras Party February 20, 2004
Location: TBA

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EDITOR'S NOTES

by N. Andrew Crain



Greetings and welcome to the Winter 2004 edition of the IP Section's Newsletter, A NOVEL EXPRESSION OF CONFUSION. This issue is full of great articles and pictures from recent Section events, which evidences how busy our Section has been lately.

Thanks go to Mr. Jim Ewing of Kilpatrick Stockton for agreeing to have his article, which he presented in Jamaica, included in this issue. The article, entitled "Markman FAQ's," is interesting and quite timely given the current Federal Circuit landscape. Thanks also go to Mr. Benjie Balsler of Thomas, Kayden, Horstemeyer & Risley, LLP, who contributed to this issue by writing the recap of the Preamble Luncheon. Of course, this newsletter would not have even come into your hands had it not been for the over-the-top efforts of Mrs. Cory Rose.

If you would like to submit an article for inclusion in the next edition, please contact me at andrew.crain@tkhr.com. I am especially intersted in running a piece on the new patent rules that are going to take effect in the Northern District later this year. So let me know if you would like to submit an article on this or another topic.

Thanks and enjoy!

Andrew is an associate with the intellectual property law firm of Thomas, Kayden, Horstemeyer & Risley, LLP. Andrew's practice is concentrated on patent and trademark preparation and prosecution and related litigation in a wide range of electrical and electromechanical arts, including computers, software, and telecommunications. Andrew earned both this B.S. in Electrical Engineering and his J.D. from the University of Alabama.

**SCENES FROM THE PATENT
COMMITTEE QUARTERLY
ROUNDTABLE LUNCHEON**



A NOVEL EXPRESSION OF CONFUSION

PATENT COMMITTEE HOLDS QUARTERLY ROUNDTABLE LUNCHEON ON CLAIM PREAMBLES

On October 16, 2003 the law firm of Alston & Bird of Atlanta hosted the latest Patent Roundtable Discussion presented by the Patent Committee of the Intellectual Property Law Section of the State Bar of Georgia. Lunch was provided by the host firm.

The topic was "Recent Developments in Interpretation of Preamble Limitations in Patent Claims" and was presented by Jon Jurgovan, a senior member of the patent counsel team at Alston & Bird. Mr. Jurgovan has an electronics and software background with ten years of experience in Intellectual Property matters. The Roundtable Discussion was well attended with approximately 80 attendees.

In his presentation, Mr. Jurgovan first covered the intricacies of the preamble of the claim, the reason for its importance, and effect of the interpretation of a preamble as a claim limitation on patent litigation.

He then covered one of the critical junctures of patent litigation, which is the Markman hearing in which the patent claims are construed. It is at this point that the court determines whether a preamble limitation further limits the claims. It is possible that the preamble can be relied upon for patentability over the prior art. This would cause the limitation in the preamble to be read into the claims.

Mr. Jurgovan next covered the three main instances where a preamble limitation tends to be a claim limitation. The first instance is when the preamble is necessary to give life, meaning, and vitality of the claim. Another instance is when the patent drafter chooses to use both the preamble and the body to define subject matter of the claimed invention. Yet another instance is when the body of a claim relies upon the antecedent basis from the preamble for elements in the body of the claim.

Mr. Jurgovan continued that, alternatively, there are many instances when a preamble limitation tends not to be a claim limitation. The preamble may be superfluous, merely state an intended use, recite a "reference point," recite an intended advantage of the invention, and merely be a descriptive title of the invention, among others.

The presentation was completed by covering a number of cases decided within the past year which demonstrate a court's process when it decides whether the preamble limitation will be read into the claims. These cases include:

1. *J. Jansen, Jr. v. Rexall Sundown, Inc.*, 342 F.3d 1329 (Fed. Cir. 2003);
2. *Invitrogen Corp. v. Biocrest Mfg., L.P.*, 327 F.3d 1364 (Fed. Cir. 2003);

3. *Eaton Corp. v. Rockwell Int'l Corp.*, 329 F.3d 1332 (Fed. Cir. 2003);
4. *Storage Tech. Corp. v. Cisco Systems, Inc.*, 329 F.3d 823 (Fed. Cir. 2003);
5. *Altiris, Inc. v. Symantec Corp.*, 318 F.3d 1363 (Fed. Cir. 2003);
6. *Boehringer Ingelheim Vetmedica, Inc. v. Schering-Plough Corp.*, 320 F.3d 1339 (Fed. Cir. 2003); and
7. *Schumer v. Laboratory Computer Systems, Inc.*, 308 F.3d 1304 (Fed. Cir. 2002).

Following the presentation, the floor was open for discussion. An interesting question was posed by Karl Koster of Alston & Bird. His question concerned the determination of limitations introduced by the claim preamble in light of the Supreme Court decision in the *Festo* case. Mr. Jurgovan's answer centered on the supposition that an amendment in a claim preamble would be subjected to the same prosecution history estoppel analysis that any claim limitation would be as directed by *Festo*.

* * * * *



Jon Jurgovan is Counsel in Alston & Bird's Intellectual Property-Electronics & Computer Technology Group. He focuses his practice on patent, trademark, copyright and unfair competition matters.

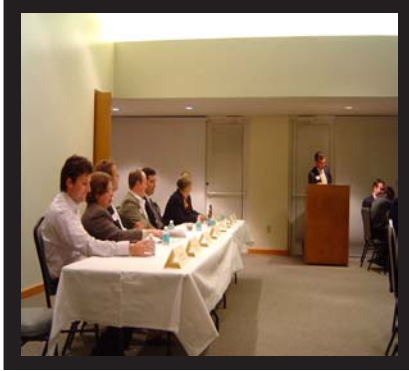
IP SECTION'S JAMES KAYDEN ELECTED PRESIDENT OF THE ASSOCIATION OF PATENT LAW FIRMS

IP Section member, James Kayden, was recently elected President of the Association of Patent Law Firms (APLF), a national organization devoted to supporting the expertise of specialty law firms that focus on patent law.

James Kayden is a partner of Thomas, Kayden, Horsetmeyer & Risley, L.L.P. In discussing his vision for the APLF, Kayden emphasized that "the more member firms that the APLF recruits, the more influence its members have over Congressional rulings on patent law and thus our clients' industries." For more information about the APLF, visit www.aplf.org.

UGA LAW HOSTS INTELLECTUAL PROPERTY PANEL DISCUSSION

By Jason Fowler



Former Dean, David Shipley (at podium), commencing the program.

On October 23, 2003, the Intellectual Property & Entertainment Law Association of the University of Georgia School of Law hosted its annual Intellectual Property Panel Discussion in Athens, Georgia. The purpose of the Panel Discussion was primarily to introduce the practice of IP Law to interested first and second year law students.

The panel was a great success, as approximately 70 attorneys and students were in attendance to hear the distinguished panelists give their views on, inter alia, preparation for a career in IP Law, the current state of the practice, and what the future holds for the IP discipline. Represented on the panel were: Patrick Elsevier of Alston & Bird; Mike McCabe of Finnegan, Henderson; Michael Turton of Kilpatrick Stockton; Charlie Peeler of King & Spalding; Greg Kirsch of Needle & Rosenberg; Joyce Klemmer of Smith, Gambrell & Russell; John North of Sutherland, Asbill & Brennan; and Mary An Merchant of Troutman Sanders.



IP LAW SECTION WEB SITE FEATURES ARTISTS' GALLERY

By Julie Sinor



Based on the feedback received from IP Law Section members, we have added an artists' gallery to our web site, www.georgiaip.org. Brinda Cockburn, the first artist featured, creates vibrant batiks. Through her work, this Atlanta-based artist captures fragments of her life as a Caribbean transplant who now resides in the South. "I present the world artistically as I see it, wish to see or how

I once saw it. Being an artist is a life force, not a career choice."

Self-taught, Brinda manipulates raw color, texture and stylized detail using wax and hand-mixed textile dyes on cotton to convey a heightened sense of passion. Her subject themes range from imagery from the South, as well as imagery from her native Caribbean.

The IP Law Section Communications Committee welcomes new committee members and submissions for our artists' gallery.

IP SECTION FORMS

LITIGATION COMMITTEE

The IP Section announces that it has formed the Litigation Committee this bar year. The Litigation Committee will work to promote and cover litigation-related aspects of intellectual property law.

The Litigation Committee will be chaired this year by Art Gardner of Gardner Groff. If you are interested in participating in this committee, please contact Art at agardner@gardnergroff.com or (770) 984-2300.

Indeed the Litigation Committee has already scheduled a CLE event, which will be on February 4, 2004. See page 7 of the Newsletter for more information.



Join US for a Celebration!

Celebrate Mardi Gras with the IP Section!

Complimentary Dinner!

Two Free Cocktail Drink Tickets each - for first thirty registered people!

When: Friday, February 20, 2004

Where: The COMMUNE

Off of Howell Mill Road in Atlanta - see Website at CommuneAtlanta.com

IP Section members with one guest are Welcome to the complimentary Dinner Service.

****Dinner Seating will be limited to first forty-five registered people. RSVP BY FEB. 10, 2004.****

Please RSVP to IP Section Liaison, Johanna Merrill, via e-mail at: Johanna@gabar.org
Or FAX RSVP to Johanna Merrill at 404-527-8749.

Name: _____

Georgia State Bar No: _____

Guest? YES // NO

**DOMAIN NAME REGISTRARS' SERVICES
TO PROTECT TRADEMARKS**

By Melissa Altman Linsky and Jeanene L. Jobst

The overwhelming demand for domain names and the ease of the ability to infringe trademarks on the web has caused domain-name registrars to develop services designed to manage and protect brands worldwide. Roughly 91% of Fortune 1000 companies use Network Solutions (recently sold by Verisign to Pivotal Private Equity), All Domains (recently merged with Mark Monitor) or Register.com as their registrars. Therefore, this article highlights current services that these registrars (designed by their domain name address) offer to help protect trademarks on the Internet.

Network Solutions.com: Network Solutions offers domain name registration and management services for gTLDs, including .com, .net and .biz, as well as select ccTLDs. Other services include:

Next Registration Rights - A company can request a domain name previously registered. If the current owner fails to review the domain name, it goes to the party who pre-ordered the domain name. Network Solutions allows only one pre-order per domain name. The annual fee is \$39.00. Of course, there is no guarantee that the current owner will fail to renew the domain name. VeriSign offers the comparable service dubbed SnapBack for an annual cost of \$69.00.

Auto Renew - The existence of such "Next Registration" services require that domain name owners take precautions to make sure they timely review domain name registrations. Conveniently, all three major registrars offer services to help guard against unintentional loss of a domain name through the automatic renewal of domain names.

AllDomains.com: All Domains provides domain name registration and management such as the following:

D-TECTIVE - A fee-based Reverse Whois service that provides users with the ability to look up a registrant and determine all domains owned by it. In addition, the service allows users to instantly determine if any of the contacts in the Whois report are respondents in previous UDRP decisions.

Quick Tools - Allows users to investigate the use of a brand or famous name in any area of the Internet including domain names, visible and hidden texts of websites, hidden texts of websites, hidden programming code, metatags, search engines, banner ads and bulletin boards (also includes a Reverse Whois).

SmartReports (used in conjunction with Quick Tools) - Provides snapshots of how brands, trademarks, and slogans are used or misused by providing information on sites using the

marks; ownership information as to those sites; text and metatag abuse of marks; and monthly lists of top brand abuse sites.

Domain Recovery - Enables parties to acquire existing domain names registered to third-parties, while maintaining anonymity.

Domain Masking - Allows trademark owners to register a domain name under a pseudonym to prevent cybersquatters from knowing the true owner and registering the name in other countries.

Web Seminars - Available to subscribers to educate them on new developments regarding domain names around the world, such as each countries' registration requirements.

Register.com: Register.com's services include the following: 1) **Bulk Renewal**, which renews all gTLDs and ccTLDs with variable term lengths; 2) **Domain Lockdown**, which locks names at the registry level, reducing the risk of illegal tampering; 3) **Brand Patrol**, which provides regular reporting of new, or amended, potentially damaging references to specific brands, companies or individuals (enabling the registrant to react quickly to new infringements); and 4) **Domain Name Watching**, to identify newly registered, confusingly similar or potentially infringing names (providing extensive coverage of gTLDs and ccTLDs).

While the foregoing is not a comprehensive list of all available Registrar services, we hope it provides valuable information to aid in your trademark practice.

* * * * *

Melissa Altman Linsky is an intellectual property attorney focusing on trademarks, copyrights and Internet-related issues at Needle & Rosenberg, P.C. and Six Continents Hotels, Inc.

Jeanene L. Jobst is an associate with Powell, Goldstein, Frazer & Murphy LLP focusing on trademark prosecution and litigation matters. Ms. Jobst counsels clients through all aspects of U.S. and international trademark registration, including searching trademarks, filing applications and responding to office actions.





Intellectual Property Law Section

and I.C.L.E. present :

FILLING YOUR TOOLBOX:

Skills and Updates for the Intellectual Property Attorney

Wednesday, Feb. 4

9 a.m. — 4 p.m.

State Bar of Georgia Headquarters — 104 Marietta St., NW, Atlanta

Making an Impression:

Communication Skills for Litigators and Transactional Attorneys

Brian K. Johnson,

Trapezium Communications, Inc., St. Paul, Minn.

Professionalism and Intellectual Property Law

J. Rodgers Lunsford III, Smith, Gambrell & Russell LLP

Copyright Law Update

Professor Michael Landau, Georgia State University School of Law

Trademark Law Update

Michael D. Hobbs Jr., Troutman Sanders LLP

Patent Law Update

A. Shane Nichols, King & Spalding LLP

Douglas Weinstein, Finnegan Henderson Farrabow Garrett & Dunner, LLP

6 Hours of CLE (1 Professionalism)

Cost: \$60.00 (Includes Lunch; Parking not included)

*Nominations for new officers for the Intellectual Property Section
will be announced and accepted at lunch.*

To register, return this form, along with a check
made payable to the *State Bar of Georgia* to:

Johanna Merrill
State Bar of Georgia
104 Marietta St, NW
Atlanta, GA 30303

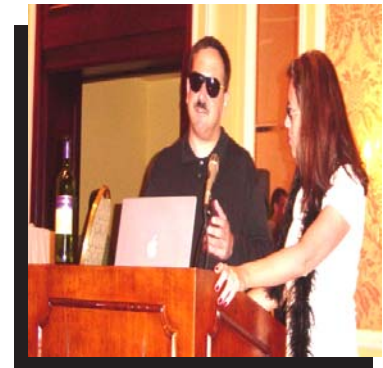
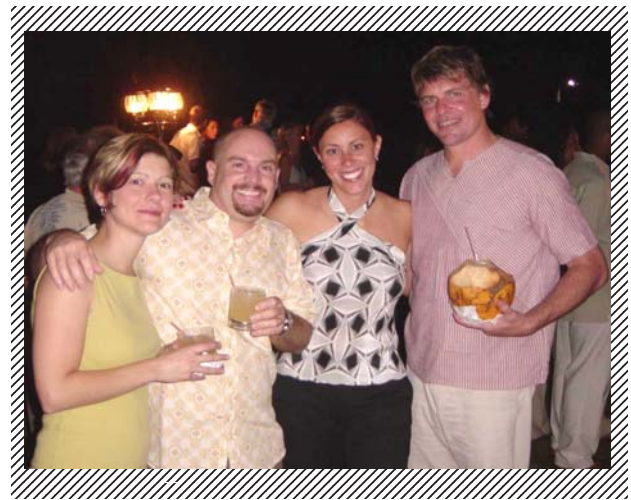
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Bar No.: _____

E-mail: _____

Register Early. Space is limited.

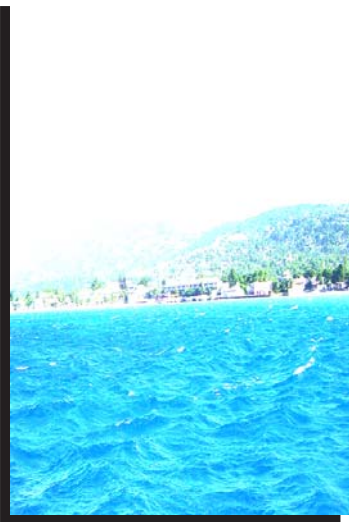
**JAMAICA
2003**



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Thanks to everyone
who made the IP Institute a
HUGE SUCCESS!!



MARKMAN FAQ'S*

By James L. Ewing, IV

Most agree that *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996) was a turning point, but in what direction? It is easy to say that the Supreme Court confirmed what had actually been the law at least as early as *Winans v. Denmead*, 56 U.S. (How.) 330, (1853) in holding that claim interpretation is a matter of law and thus cannot be sent to the jury. It is more difficult to say precisely how a particular patent litigation should be conducted in light of *Markman* or what if any procedural rules should be adopted universally to construe patent claims. Among other things, as the Supreme Court noted in *Markman*, the line between issues of claim interpretation and claim application can be a fine one.

Since the Supreme Court ruling, the *Markman* process has evolved in a Blackstonian common law way rather than a Benthamite codification way, as courts and litigants experimented with various mechanisms for briefing and hearing claim construction issues. No one wrote and adopted uniform rules of procedure that would apply nationwide. Rather, various incarnations of *Markman* proceedings began occurring almost spontaneously after the *Markman* case, as litigants and courts struggled to fashion rules and schedules that allowed the court to construe the patent claims at the right time in the litigation process, with the right evidence, and with some degree of efficiency.

Few delved into metaphysics of why such special claim construction proceedings are even necessary, when, for example, courts do not conduct special proceedings to construe the meaning of terms in a commercial contract. Instead, patent litigants focused on forging workable procedures and learning from others' experiences. For now, what matters is that the *Markman* claim interpretation process is a fact of life, that there is no uniformity in how the process is conducted, and that patent litigants need to be careful to understand what they hope to obtain by way of claim interpretation rulings and how to fashion a procedure to accomplish those objectives. As is the case with any evolutionary creature, the *Markman* process rewards those who are creative, flexible and resilient. Perhaps the following frequently asked questions and short answers will be helpful in that respect.

1. How does the process work?

Subject to local rules and standing orders of particular courts, there are virtually no procedural constraints on timing and process for addressing claim construction issues. On the simple end of the spectrum, nothing in *Markman* changes the way preliminary injunction proceedings can be handled in patent cases. There, the claim interpretation issues are briefed and argued as part of the two step claim interpretation and claim application patent infringement analysis. See, e.g. *CVI/Beta*

Ventures, Inc. v. Tura LP, 112 F.3d 1146, 1160 (Fed. Cir. 1997), cert denied, 118 S.Ct. 1039 (1998). Similarly, claim interpretation issues are frequently addressed in the context of summary judgment motions on the infringement issue, though such motions are obviously entertained and decided at various points in the litigation depending on the circumstances and the court. See, e.g., *MediaCom Corp. v. Rates Tech., Inc.*, 4 F. Supp. 2d 17, 22 (D. Mass. 1998). On the more detailed end of the spectrum, see the Local Rules for the Northern District of California, which the litigants and the courts have fashioned procedures to address the claim construction issues in light of the circumstances in particular cases.

The Northern District of California adopted local rules for patent cases some years ago. It is noteworthy that based on several years of experience, the Court rewrote the rules in 2000 to adjust the sequence of events. The new rules took effect January 1, 2001. These rules stage the *Markman* process in an iterative way to require the parties to "edge their way" into the process by first trading positions on infringement and validity contentions and then on claim terms before submitting a joint claim construction document and launching into the briefing process. The N.D. Cal. local rules have been decried by some as burdensome and duplicative, but others believe they are an important part of that court's track record of handling substantial volumes of high technology patent litigation efficiently and competently. The sequence and timing of events in these rules form an instructive checklist for potential steps and timing to consider when preparing scheduling orders and fashioning *Markman* proceedings in any context:

a. Not later than (NLT) 10 days after the Initial Case Management Conference, the patentee serves a "Disclosure of Asserted Claims and Preliminary Infringement Contentions" which discloses the asserted claims, allegedly infringing product or process, and the date of conception and reduction to practice of each asserted claim. At this time the patentee must produce all documents relating to offers to sell the claimed invention before the filing date of the application for the asserted patent, and all documents relating to the research, design and development of each claimed invention.

b. NLT 45 days after service of the Disclosure of Asserted claims and Preliminary Infringement Contentions, each opposing party must serve "Preliminary Invalidity Contentions" which discloses each item of prior art which anticipates the claim or renders it obvious. An accompanying document production must include all prior art.

Markman (Continued on page 11)

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Markman (Continued from page 10)

c. NLT 10 days after service of the Preliminary Invalidation Contentions, the parties exchange "*Proposed Claim Terms and Claim Elements for Construction*" which identify claim terms which each party contends should be construed.

d. The parties then meet and confer and NLT 20 days after service of the Proposed Claim Terms and Claim Elements for Construction, the parties exchange "*Preliminary Claim Constructions*" which include a preliminary proposed construction for each identified term. At this time the parties also exchange a preliminary identification of extrinsic evidence, including dictionary definitions.

e. Once again the parties meet and confer and, NLT 60 days after service of the Preliminary Invalidation Contentions, they file a "*Joint Claim Construction and Prehearing Statement*" which includes definitions on which parties agree as well as definitions on which they do not. This document also states the anticipated length of the Claim Construction Hearing, the identity of each witness, and for each expert, a summary of each opinion to be offered.

f. The parties then have 30 days after service of the Joint Claim Construction and Prehearing Statement to conduct discovery on claim construction, including of experts identified in that document.

g. NLT 45 days after service of the Joint Claim Construction and Prehearing Statement, each party files its *Opening Claim Construction Brief*.

h. NLT 14 days after service of the Opening Briefs, each party files a *Responsive Brief*.

i. NLT 7 days after service of the Responsive Brief, each party files a *Reply Brief*.

j. The Court then holds a Claim Construction Hearing two weeks following service of the Reply Briefs, subject to the Court's convenience.

Other scheduling orders attached hereto truncate the proceedings, and/or set the proceedings for a different phase of the litigation.

2. Should claim interpretation happen at the beginning of the case before discovery is over?

A. Reasons for interpreting the claims at the front of the case include:

- Patent litigation is expensive, and if the case can be settled at an early stage with claim construction, before substantial discovery gets underway, it should be. Not only is

this possibility often attractive to defendants for obvious reasons. Patent owners sometimes have incentive to get a ruling when a clear claim interpretation is likely to bring the accused infringer's conduct clearly within the scope of the claims.

- The evidence is already available at the front of the case. Patent claims should generally be interpreted according to their ordinary meaning and in some cases using so-called intrinsic evidence, which is already available before discovery begins. *Texas Digital Systems, Inc. v. Telegenix, Inc.*, 308 F.3d 1193, 1204 (Fed. Cir. 2002). Intrinsic evidence constitutes the patent document, the prosecution history and the cited references, while extrinsic evidence is everything else. *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979 (Fed. Cir. 1995) (en banc), *aff'd* 517 U.S. 370 (1996). Generally, only if the intrinsic evidence is insufficient to resolve an ambiguity should the court resort to extrinsic evidence. *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576 (Fed. Cir. 1996).

- Forcing the patent owner to identify and take positions on the claims that will actually be asserted at trial. This objective is particularly important when the accused infringer faces an array of multiple patents and multiple claims that would otherwise necessitate unnecessary and burdensome efforts to develop and present positions not only on noninfringement, but also to locate art and prove invalidity on more claims rather than fewer.

- Learning early whether the patent claims will be interpreted broadly or narrowly, and thus whether the case will turn primarily on prior art that defeats the broader claims or whether it will be about why the accused infringer's conduct avoids the narrowly construed claim terms. Having this issue early allows both sides to know more about what they need to do to get discovery of relevant prior art and information necessary to bring accused products and processes within the claims.

- Eliminating unnecessary discovery.

- Eliminating disputes and litigation expense over claim terms and aspects that do not matter.

- Avoiding the need to present and argue summary judgment motions based on alternative claim interpretation and application theories.

- Avoiding the need and expense of preparing expert witness reports and testimony based on alternative claim interpretation and application theories.



Markman (Continued on page 12)

Markman (Continued from page 11)

B. Reasons against interpreting claims at the front end of the case include:

- According to some, conducting the *Markman* process and producing a *Markman* opinion early just gives the parties another document to litigate about and hide behind. Judge McKelvie referred to this lawyerly phenomenon as "the Whack-A-Mole problem which is, once you do that claim construction, people start coming up with new theories and new approaches..." Patent Litigation in the District of Delaware: *The Judges' Perspective*, The Delaware Lawyer 6, 7-8 (Winter 2000/2001).
- Before the patent owner has sufficient discovery on how the accused products and processes work, it may not know which claim terms will be important and which will not be important, and thus how and where to focus its arguments. This problem is widely recognized, so that it is by now customary to allow at least some discovery on the accused products and services before conclusion of early claim construction proceedings. However, as a quid pro quo, accused infringers often demand to have simultaneous discovery on prior art and other issues, so that both parties may in any event incur the expense and effort of substantial written discovery and depositions.
- In the same vein, in cases that involve multiple patents, patent claims and complex technology, more extensive or full fact discovery may be necessary before it is possible for the patent owner to identify which claims to assert at trial and thus for the parties to focus on which terms of those claims should be addressed in the *Markman* proceedings.
- If the accused infringer is not well along in locating all prior art on which it will rely, it may not know which claim terms it needs to address. It may not know at an early point, for instance, whether to try for broad claim constructions so that the claims can be defeated more easily using prior art, or whether to try for narrow construction so that claim elements can more easily be shown absent in the accused technology.
- Both sides naturally try to preserve their options early on in the case, and so are more likely to brief more claim terms rather than fewer. Because some of these terms may prove later in light of discovery not to matter, both parties can expect wasted effort due to overinclusivity in early claim construction proceedings.
- Because of court imposed page limits on briefs, and because both parties tend to brief more claim terms in early claim construction proceedings that they may need to, they can lose the opportunity to treat the claim terms that will actually matter more thoroughly and persuasively.

- Experience shows that claim terms which ultimately prove to be important are sometimes ignored in early claim construction proceedings, at least partly because the parties are guessing about which claim terms will ultimately matter. Thus, paradoxically, the parties sometimes miss the mark despite being overinclusive at the front end. This problem is compounded by the fact that everyone is usually loath to conduct second claim construction proceedings, so that the case proceeds forward with uncertainty which is sometimes ultimately resolved only at the jury charge stage.

- *Markman* proceedings in vacuo are considered by some to be "blind justice." According to conventional procedure, summary judgment motions are typically briefed and decided at the end of fact discovery. Early claim construction proceedings which are decoupled from a summary judgment motion offend the idea that it makes more sense for the judge to know how the claims will be applied to the accused product or process to achieve a dispositive outcome as judges conventionally do. In this vein, it has been questioned whether the *Markman* process decoupled from a summary judgment motion runs afoul of the "case and controversy" limitation on judicial power articulated in Article III, Section 2 of the Constitution. *MediaCom Corp. v. Rates Tech., Inc.*, 4 F. Supp. 2d 17, 22 (D. Mass. 1998).

- Early claim interpretation is a road map that operates at cross purposes with those lawyers who like to get fact witnesses to interpret and apply patent claims.

3. Should claim interpretation occur before or after expert reports are due to be submitted?

A. Reasons for conducting *Markman* proceedings before expert reports and discovery include:

- The expert report/expert discovery phase is one of the most important, expensive and problematic phases of patent litigation. The expenses and problems should not be compounded by forcing expert witnesses to prepare expert reports, and forcing the parties to depose each other's experts, about opinions based on alternative *Markman* outcomes.

It is not an overstatement to say that the outcome of patent infringement trials is tied to expert witness performance. With many variations on the theme, the expert witness is one who must establish how and why the patent claims apply or do not apply to the accused technology. She must do this credibly, authoritatively and factually, without significant room for error. Focusing on the performance of one's own experts and attempting to defuse the other side's expert witnesses is therefore central to patent litigation strategy.

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In turn, central to the performance of the expert witness is her expert report. It is the document that controls what she may or may not do at trial. The rules on expert reports do not leave a great deal of room for error, however:

- Fed. R. Civ. P. 26(a)(2) is specific about what is required in an expert report. It requires the report to contain:
 1. a complete statement of all opinions to be expressed and the basis and reasons therefor;
 2. the data or other information considered by the witness informing the opinions;
 3. any exhibits to be used as a summary of or support for the opinions;
 4. the qualifications of the witness, including a list of all publications authored by the witness within the preceding ten years;
 5. the compensation to be paid for the study and testimony; and
 6. a listing of any other cases in which the witness has testified as an expert at trial or by deposition within the preceding four years.

- Moreover, courts will not, at least in theory, admit or

consider scientific expert testimony unless it satisfies Fed. R. Evid. 702. Fed. R. Evid. 702 provides that a witness qualified as an expert by knowledge, skill, experience, training, or education may testify to scientific, technical or other specialized knowledge to assist the trier of fact to understand the evidence or a fact in issue if (1) the testimony is based upon sufficient facts or data, (2) the testimony is the product of reliable principles and methods, and (3) the witness has applied the principles and methods reliably to the facts of the case.

- Still further, *Daubert v. Merrell Dow Pharm., Inc.*, 509 U.S. 579 (1993) and *Kuhmo Tire Co., Ltd. v. Carmichael*, 526 U.S. 137 (1999) have spawned a cottage motion-in-limine patent litigation industry, as each side tries to preclude or limit the other's expert witness testimony. It makes clear that the "scientific knowledge" element of FED. R. EVID. 702 requires evidentiary reliability, trustworthiness, and scientific validity as a precursor to admission of testimony. Irrelevant evidence, even if it constitutes "scientific knowledge" can also be excluded if it does not "assist the trier of fact." For example, an expert's conclusions can be open to attack based on a showing they are not based on methodology that has been tested and can be tested (repeatability), or if the conclusions or bases for reaching them do not have the right "fit" to the facts at issue in the case.

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MORE JAMAICA PHOTOS...



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This plethora of pitfalls presented by the expert report multiplies if the claims have not been interpreted before expert reports are due. If the Markman process has not happened yet, the expert is put to a choice of presenting multiple opinions keyed to multiple claim interpretations, or risking her performance being tied to one interpretation. Some say that this is not really a problem, because the expert's job is to say what she believes is scientifically correct. This is not a sufficient answer, however, because sometimes the scientifically correct answer depends on what the question is, which in turn depends on what a particular claim term means.

If the expert chooses to opine in the report according to a claim interpretation which is not ultimately adopted in the Markman proceedings, the expert can be precluded from then offering another opinion at trial not in the expert report. On the other hand, if the expert report contains multiple opinions, at least some of which may be inconsistent with others in order to accommodate multiple permutations and combinations of potential claim interpretation outcomes in later Markman proceedings, it is at best a longer, weaker, equivocal, more expensive and less useful document. It also sets the stage for unneeded expert discovery since opposing counsel will be required to examine not only on additional opinions which will later become superfluous, but also on the bases, reasons, data, information, and exhibits supporting them.

In order to eliminate this uncertainty, complexity and waste of time, effort and expense, the claims should be interpreted before expert reports are due.

- Expert reports are not generally due until close of fact discovery, so that the parties have had a sufficient opportunity to learn the relevant facts as to which the claim terms will operate. FED. R. CIV. P. 26(a)(2)(C) provides that expert reports are due according to local rule, or in their absence, at least 90 days before trial date. Typically, scheduling orders in patent cases require submission of expert reports at or around the time of close of fact discovery. The parties should know by that time which claim terms will matter and which will not matter.

- Courts often allow testimony of parties' experts at the Markman hearing, in order to understand the technology and the background. Consistent with the N.D. Cal. Patent Local Rules, doesn't it make sense to have the experts prepare and testify about these more fundamental back ground issues before they have to take positions and testify about how and why the claims apply or do not apply to the technology?

B. Reasons for conducting Markman proceedings after expert reports and discovery include:

- There are those who have more to gain than the other side by finding out what the experts will say and trying to lock in expert testimony before having to take a position on what claim terms

mean. Those so situated should consider pushing for conducting the expert phase before the Markman proceedings.

- The court may feel more comfortable interpreting claims after she has had the chance to read expert reports and thereby become educated on the technology by someone more credible on that subject than the lawyers.

- After the expert phase is over, in which the experts opine from the technology angle on why the claims do or do not apply to the accused products or services, the parties will know with more certainty where and how to focus their efforts in identifying and briefing the claim terms that matter.

- If at the end of fact discovery a party does not have a sufficiently coherent theory of the case to present expert reports that address infringement competently despite potential alternative Markman outcomes, then is timing of the Markman process the biggest problem that party has, and should the process be timed and sequenced to cater to such a party's problems? And will a Markman decision really improve the efficiency and effectiveness of the expert phase as conducted by such a party.

4. What evidence and arguments can be submitted?

Although the principles of *Markman*, *Vitronics*, *Texas Digital Systems* and the profusion of other relevant cases govern how claims must be construed in light of the evidence, courts are nevertheless free to consider intrinsic, evidence, extrinsic evidence and expert testimony toward that end in the Markman process. It is up to the parties to present whatever argument and evidence they believe will be helpful to the task of claim construction. *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448, 1457 (Fed. Cir. 1998) (en banc). As one court has said:

At the Markman hearing, the question before the Court is how to construe the disputed claims. No 'ground rules' are necessary. Each party will have to evaluate the *Vitronics* hierarchy of sources and present its respective case with an eye to those constraints as it best sees fit.

Thomson Consumer Electronics, Inc. v. Innovatron S.A., 3 F.Supp. 2d 49, 52-3 (D.D.C. 1998).

5. Should the claim interpretation process be conducted by a special master?

Use of special masters to conduct the Markman claim construction process is widely accepted. See K. Adamo, "Get On Your Marks, Get Set, Go; Or "And Just How Are We Going To Effect Markman Construction In This Matter, Counsel?" Patent Litigation 2000, 175, 251 (Practising Law Institute Intellectual Property Series

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Number G-619 2000). Additional cost is a potential downside. However, the additional efficiency of having a patent lawyer handle this seemingly mystical and Byzantine process, together with the additional predicatability of knowing how the arguments and evidence will play with someone versed in the technology and the patent law, argue strongly in favor of the practice.

6. When is the *Markman* decision appealable?

Other than upon entry of final judgment after a trial on all issues, appeal can be taken in these four circumstances: (1) appeal from a summary judgment that disposes of all disputed issues; (2) where a district court certifies a issue that "involves a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal from the order may materially advance the ultimate termination of the litigation"; (3) appeal from an order granting or denying a preliminary injunction; or (4) in cases involving multiple parties or multiple claims for relief, entry of a separate final judgment under Fed. R. Civ. P. 54(b) with respect to one or more claims for relief or parties. A *Markman* decision is not in the context of any of these interlocutory and not appealable.

If summary judgment is denied, or if there are remaining issues to be tried, there can be no immediate appeal unless certified by the District Court and not declined by the Federal Circuit. So far, the Federal Circuit uniformly declines such questions. *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448 (Fed. Cir. 1998) (en banc). Accordingly, *Markman* issues are typically addressed by the Federal Circuit after trial, or under (1), (3), or (4) on the previous page.

7. What is the standard of review on appeal?

Claim construction is a matter of law that is subject to de novo review. *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1445, 454 (Fed. Cir. 1998); *Texas Digital Systems, Inc. v. Telegenix, Inc.*, 308 F.3d 1193, 1201 (Fed. Cir. 2002).

Studies have found that the Federal Circuit reverses claim constructions in approximately 1/3 of all appeals involving claim construction issues. J. Shaw, *Markman Hearings - When Is The Best Time?*, http://www.ycest.com/PDF/jshaw_Markman.pdf(2002).

8. What collateral estoppel or precedential effect does a prior *Markman* ruling have on a later case involving the same claims but different parties?

There is no uniform view on whether collateral estoppel applies to prior patent claim construction. According to one view, judicial economy and mitigation of unnecessary litigation justify application of such collateral estoppel. See, e.g., *TM Patents, L.P. v. IBM Corp.*, 72 F.Supp. 2d 370 (S.D.N.Y. 1999). Another view rejects as unjust the application of collateral estoppel which binds a party to a prior court ruling to which the party did not have an opportunity or an incentive to appeal. See, e.g., *Graco Children's Products v. Regalo*

Int'l LLC, 77 F.Supp. 2d 660 (E.D. Pa. 1999). The opinions which have considered the issues focus on one or more of the elements of collateral estoppel: (1) The issues raised in both proceedings must be identical; (2) During the prior proceeding, the issue must have been fully litigated and decided; (3) the party against whom estoppel is to be applied must have had a full and fair opportunity to litigate the issue in a previous proceeding; and (4) resolution of the issue must have been essential to a final and valid judgment on the merits. *TM Patents, L.P. v. IBM Corp.*, 72 F.Supp. 2d at 375. For an excellent treatment of this question and pragmatics of how it should be addressed, see T. Le Duc, *The Application of Collateral Estoppel to Markman Rulings: The Search for Logical and Effective Preclusion of Patent Claim Constructions*, 3 Minn. Intell. Prop. Rev. 297 (2002), available at <http://mipr.umn.edu/archive/v3n2/leduc.pdf>.

* * * * *



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