United States District Court,
W.D. Missouri, Western Division.

GROUP ONE LTD,
Plaintiff.
v.
HALLMARK CARDS, INC,
Defendant.

No. 97-1224-CV-W-1

Sept. 2, 1999.

ORDER

WHIPPLE**, J.**

This Order supplements and supercedes the Court's Order of July 30, 1999. [Doc. 339]

Pending before the Court is Defendant Hallmark Cards, Inc's (Hallmark) motion for summary judgment on Counts I and II of Plaintiff's Complaint. [Docs. 180, 183, 184] Plaintiff Group One Ltd. (Group One) has filed suggestions in opposition and Hallmark has filed a reply brief. [Docs. 206, 227] Oral argument was heard on this motion on July 6, 1999. The Court has considered all of these motions and the entire record in rendering its decision. For the following reasons, Hallmark's motion is GRANTED.

I. FACTUAL BACKGROUND FN1

FN1. The facts section in this Order closely parallels the fact sections contained in the parties briefs. Accordingly, why the Court does not offer citations to the record for each fact, one can easily locate these facts in the record by looking to the parties briefs [Docs. 183, 184, 206, 227].

Group One is a corporation registered in the Isle of Man, United Kingdom, and has it administrative office in Jersey, United Kingdom. The managing Director and sole beneficial shareholder of Group One is Fredric Goldstein, a United States citizen who resides in Sweden. Goldstein obtained the '492 Patent and '752 Patent at issue herein.

Hallmark is a Missouri corporation headquartered in Kansas City, Missouri. Among the products designed, manufactured, and/or sold by Hallmark are "Curl Cascade"-a gift adornment comprised of twelve strands of curled ribbon stapled to a small plastic square with adhesive on one side (a "bow chip")-and "Curl Fill," a gift bag stuffing comprised of individual strands of curled ribbon. Hallmark has produced these products using seven, machines the first of which was developed in 1994-95.

Group One alleges that Hallmark Machines Nos. 1-6 and pre-modified Machine No. 7 infringe claims 1, 2, 5, 6, 11, 17, and 19 of the '492 Patent and Claim 1 of the '752 Patent. Claims 2, 5, 6, 11, and 17 of the '492 Patent are "dependent" claims to Claim 1 of that patent. The '492 Patent concerns an automated device for curling ribbon. the '752 Patent concerns a method for making curled ribbon using the device described in the '492 Patent.

On November 12, 1992, Goldstein filed a patent application for an automated ribbon curling device in the European Patent Office under the Patent Cooperation treaty (the "PCT Application") and designated the United States as one of the countries in which he desired to pursue a patent pursuant to the PCT. FN2 On May 13, 1994, Goldstein filed a patent application on the same device in the United States Patent and Trademark Office (PTO) (the "U.S. Application"). The Broadest claim (Claim 1) of the U.S. Application included four elements:

FN2. The PCT Application itself claimed priority on the basis of a prior U.K. patent application (the "U.K. Application") which Goldstein filed on November 14, 1991. The PCT Applications as originally filed was identical to the U.K. Application, except the PCT Application contained claims and the U.K. Application did not.

1. A ribbon curling device comprising in sequence delivery means (12) for delivering a supply of unstressed curlable ribbon, curling means (17) for the ribbon, drive means (31, 32, 33) for drawing the ribbon across said curling means (17), and stripping means (36) for separating the ribbon from said drive means.
The written description and the drawing in the U.S. Application were identical to those in the previous PCT Application, as amended during the PCT prosecution.
On July 3, 1995, the PTO rejected Claim 1 as unpatentable for several reasons, including that the invention was obvious (and hence unpatentable) under 35 U.S.C. s. 103 in view of prior art patents. The patent Examiner explained that "[i]t would have been obvious to one of ordinary skill in the art at the time the invention was made to include the drive means of [the] *Lemmon* [patent] with the curling means since *Goldstein* teaches that drive means, such as rollers ... are old and well known in the art."

In response to this rejection, Goldstein amended his claims, rewording Claim 1 to add limitations. In remarks submitted with the amendments to overcome the obviousness rejection, Goldstein's U.S. patent attorney, Howard Gitten, defined the problem disclosed in the U.S. Application-curled ribbon sticking to the drive wheels-and the solution disclosed for this problem-a stripping means-as follows:

The curling of the ribbon upstream of the drive means tends to cause the ribbon to adhere to the drive means and thus foul the mechanism rather than smoothly exiting the dispenser. To solve this problem, Applicant's invention provides stripping means, as provided in claim 1, to ensure that the curled ribbon, which would otherwise "stick" to a drive wheel, for example, is removed or "stripped" from the drive means and can be safely conveyed to a packing or storage location without damage to either the curled ribbon or to the device itself.

In a December 29, 1995, conference with the U.S. patent Examiner, Gitten agreed on Goldstein's behalf to the terms of the Examiner's amendment which further limited Claim 1 by adding to the stripping means description the function that Goldstein ascribed to the stripping means: "[I]n order to prevent said ribbon from adversely affecting operation of said mechanical drive wheel means by preventing said ribbon from adhering to said mechanical drive wheel means." Gitten also agreed on Goldstein's behalf to change the phrase "drive means" to "mechanical drive wheel means," as requested by the Examiner. No explanation was provided by the Examiner regarding the addition of these two words "mechanical" and "wheels" to the phrase "drive means." The examiner never suggested any intent that this language would exclude any of the various tractive structures set forth in the '492 patent specifications.

Following Goldstein's agreement to the Examiner's amendment, the '492 Patent was issued on May 21, 1996. The final, issued version of Claim 1 of the '492 Patent reads as follows:

1. A ribbon curling device comprising:

delivery means (12) for delivering a supply of unstressed curlable ribbon;

curling means (17) located downstream of said delivery means (12) for curling the ribbon;

mechanical drive wheel means (31, 32, 33) located downstream of said curling means (17) for drawing the ribbon across said curling means (17); and

stripping means (36) for separating the ribbon from said mechanical drive wheel means in order to prevent said ribbon from adversely affecting operation of said mechanical drive wheel means by adhering to said mechanical drive wheel means. FN3

FN3. Although the printed version of the '492 Patent issued by the PTO inadvertently and erroneously omitted the phrase, "in order to prevent said ribbon from adversely affecting operation of said mechanical drive wheel means by preventing said ribbon from adhering to said mechanical drive wheel means" from Claim 1, that language regarding the patent's stripping means is undisputably part of the claim.

Claim 19 of the '492 Patent reads as follows:

19. A ribbon curling device comprising:

delivery means (12) for delivering a supply of unstressed curlable ribbon:

curling means(17) located downstream of said delivery means (12) for curling the ribbon;

drive means (31, 32, 33) located downstream of said curling means (17) for drawing the ribbon across said curling means (17);

stripping means (36) for separating the ribbon from said drive means; and

ribbon means (81) intermediate said curling means and drive means, said guide means (81) controlling the approach angle of ribbon to said drive means, said ribbon guide means (81) forming a convex guide surface.

On May 20, 1996, Goldstein filed with the PTO a Continuation Application seeking a patent for a method of curling ribbon utilizing a device similar to the device described in the '492 Patent. While the specifications of the '752 Patent and the '492 are similar, the claim recitations are not identical. As originally filed, the new claims in the Continuation Application did not contain a separating step utilizing a stripping means.

After an initial rejection by the Examiner because the new claims were obvious in view of prior art, Goldstein amended the Continuation Application by including a separating step using the stripping means, arguing that the feature distinguished Goldstein's method from the prior art. Again, however, the Examiner, citing prior art, rejected the amended claim.

In connection with that rejection, the Examiner also specifically found that the only stripping means enable by the specification was an air blower: "[T]he specification fails to provide an alternate enabling disclosure for separating the ribbon *by* utilizing stripping means other th[a]n mechanical air blower means 36." (emphasis in original) FN4 The phrase "mechanical air blower," however, does not appear in either patent, they refer only to "air blower." Howard Gitten, has no recollection as to why the Examiner used the word "mechanical" in the official action summary.

FN4. Document is mis-cited in Defendant's brief as (Ex. 9 at 6), it should be (Ex. 11 at 6).

The Examiner required the addition of the same function-limiting language that had been included in the Examiner's's amendment to Claim 1 of the '492 Patent. the purpose of this, explained the Examiner, was "to particularly point out and distinctly claim the invention's particular relations between utilizing [a] separating step, via air blower 36, and utilizing the mechanical drive means in order to perform the drawing step and, thus, 'ensure that shredded ribbon does not cling to wheel 32 and thus snag or jam the machine...." '

On September 25, 1997, Goldstein through Gitten, accepted the Examiner's amendment, adding the same function-limiting language that had been included in the Examiner's amendment to Claim 1 of the '492 Patent, and stated that he agreed to the change "to better define the invention to provide an enabled embodiment." In response to Goldstein's acquiescence in the Examiner's amendment, the PTO issued the '752 Patent, in the amended form, on January 27, 1998.

Claim 1 of the issued '752 Patent reads as follows:

1. A method for curling ribbon utilizing a device having a delivery means for delivering a ribbon supply, a curling means located downstream of said delivery means for curling the ribbon, a mechanical drawing means for mechanically drawing a ribbon across the curling means and a stripping means for separating the ribbon from said mechanical drawing means comprising the steps of:

delivering a supply of unstressed curlable ribbon from said delivery means;

mechanically drawing said ribbon, by utilizing said mechanical drawing means, across said curling means, said curling means being located downstream of said delivery means, and said mechanical drawing means being located downstream of said curling means;

curling said ribbon with said curling means; and

separating the curled ribbon utilizing said stripping means from said mechanical drawing means in order to prevent the curled ribbon from adversely affecting operation of said mechanical drawing means by preventing the ribbon from adhering to the mechanical drawing means.

Hallmark has used seven machines to produce the Curl Cascade and/or Curl Fill products, each of which consists of several stations for accomplishing different tasks. A series of stations not at issue herein delivers twelve strands of uncurled ribbon to the "ribbon curling station." The ribbon curling station consists of a series of individual curling blades and nip rollers. The nip rollers consist of twelve separate, unpowered pressure rollers and one large powered roller against which the pressure rollers rest to create twelve separate contact points or nips. The parties dispute whether the powered roller exerts sufficient force to pull uncurled ribbon under the curling blades by itself.

After the curling station, the twelve individual curled ribbons are gathered on top of each other to form a ribbon stack. The ribbon stack then travels between two conveyor belts through the "stitch and cut station" where, with respect to the Curl Cascade product, the stack is attached to a bow chip. The belts in the stitch and cut station are located approximately eight feet from the curling blades in the curling station. Again, the parties dispute whether the two conveyors are used as drive means to pull the ribbon through the curling machine or merely carry the ribbon to the next station.

The curled ribbon stack is moved by the conveyor belts to where it is cut, either through a slit in the belt section or after the belts in the Transvector tube. After the ribbon stack passes through (or is pulled by the conveyors), it is fluffed by a vacuum tube device powered by a Transvector.FN5 The purpose which the Transvector serves on Hallmark's machines is hotly disputed in this case. Group One argues that the

Transvector is a stripping device to prevent Hallmark's machines from jamming while Hallmark argues that the device is used to transport ribbon products to, and propels them against, a splat screen to fluff the cut product. In addition to producing the Curl Cascade product, Hallmark Machine No. 7 also is used to make the Curl Fill product. to produce this product, the stitcher and bow chip feeder on Machine No. 7 are disengaged.

FN5. The term "Transvector" is a trademark for several different devices manufactured by Vortec Corporation. The type of Transvector that Hallmark uses is a short tubular device having an annular chamber approximately at its midpoint, which directs compressed air toward the outlet. this creates a slight vacuum at the inlet end. The ribbon products mad on the Hallmark machines move through the Transvector from inlet to outlet.

Goldstein testified that he did not know the exact time prior to June 24, 1991 that he had been thinking about the automation of a ribbon curling machine, that it was as far back as his first involvement with Group One in 1990, and that it was fair to say that it "could have been" as far back as 1989. Goldstein testified at his deposition that he put the automation of the curling process into practice in 1990, that he built an inventor's model that wen through different variations. that the means in the inventor's prototype model were similar to the means described in the patent, that the inventor's model did not initially have a shredding-means that was put on later, and that the inventor's model was capable of curling ribbon.

In 1991, Goldstein worked on developing, but never completed, a presentable commercial model that would be used to market the patent for royalty purposes. This commercial model was developed so that one could send photographs or make a video to promote the patent. The unfinished commercial model had the same means as the inventor's model and although the intent was to put on a blower as the stripping means Goldstein could not recall whether he actually got to that stage.

Goldstein prepared patent sketches for his British patent attorney, Adrian Chettle, prior to November of 1991, and although he could not recall specifically, he likely prepared some of these drawings prior to June 27, 1991. The drawings contained a depiction of a stripping means.

On June 24, 1991, Goldstein wrote to Hallmark, offering to license the ribbon curling machine. In the letter, Goldstein wrote that:

We have developed a machine which can curl and shred ribbon so that Hallmark can produce the product you see inclosed [sic]-a bag of already curled and shredded ribbon.

Enclosed in the June 24, 1991 letter was a bag of curled and shredded ribbon. Goldstein stated that he "would think" or "would reckon" that the shredded ribbon was made by machine. Goldstein offered to "provide the machine and/or technology and work on a license/royalty basis." On August 23, 1991, Goldstein wrote to Hallmark again:

Regarding the already curled and shredded ribbon, I await new of interest so that we could discuss a license arrangement for the machine which can produce such a product. We have been receiving huge interest in this product and have been offered contracts of exclusivity, which until now we have resisted. I mention this so that Hallmark would be aware of a potential obstruction, should we receive no interest from yourselves for a long period of time.

The machine referred to in this letter is the same machine discussed in his June 24, 1991 letter and would be based on the patent. On October 14, 1991, Goldstein wrote yet again to Hallmark about the ribbon curling machine, stating: "I am of course very pleased about the positive reaction towards the already curled/shredded ribbon product idea. I look forward to hearing from the members of the team and will be

pleased to work with them on this product regarding the machine involved."

In the summer of 1991, Goldstein also contacted other major players in the ribbon market in the United States, Europe and Asia, some of whom were customers, and sought their potential interest in his ribbon curling machine. On June 10, June 12, and August 15, 1991, Goldstein sent letters to three U.S. companies, C.M. Offray & Sons Inc., Berwick and Pioneer Balloon Company, respectively, offering to license his machine to those companies or provide it to them on a royalty basis.

II. MOTION TO STRIKE

Hallmark has submitted the Affidavit of Vernon Bartels as an exhibit to its motion for summary judgment. There are four exhibits attached to this affidavit which have also been submitted for the Court's consideration. Group One has moved to strike Exhibits 1, 2, 3, and part of 4 to the affidavit. Upon considering the parties arguments the Court denies this motion. [Docs. 205, 225] Although the Court believes that these exhibits are properly before it, the Court has not relied on these exhibits in any manner in issuing this Order.

III. SUMMARY JUDGMENT STANDARD

A movant is entitled to summary judgment if there is "no genuine issue as to any material fact and [ ] the moving party is entitled to judgment as a matter of law." Fed R. Civ. P. 56(c). The moving party bears the burden of proof. Aetna Life Ins. Co. v. Great Nat'l Corp., 818 F.2d 19, 20 (8th Cir.1987). When considering a motion for summary judgment, a court must scrutinize the evidence in the light most favorable to the nonmoving party and "give [the nonmoving party] the benefit of all reasonable inferences." Mirax Chem. Prods. Corp. v. First Interstate Commercial Corp., 950 F.2d 566, 569 (8th Cir.1991). Moreover, "[b]ecause discrimination cases often depend on inferences rather than on direct evidence, summary judgment should not be granted unless the evidence could not support any reasonable inference for the nonmovant." Crawford v. Runyon, 37 F.3d 1338, 1341 (8th Cir.1994).

Once the moving party discharges its initial burden, the nonmoving party "may not rest upon the mere allegations or denials of the adverse party's pleading, but ... must set forth specific facts showing that there is a genuine issue for trial." Fed.R.Civ.P. 56(e). The moving party may not "simply show that there is some metaphysical doubt as to the material facts." Matsushita Electric Industrial Co. v. Zenith Radio Corp., 475 U.S. 574, 586, 106 S.Ct. 1348, 1355-56, 89 L.Ed.2d 538 (1986).

IV. DISCUSSION

Hallmark argues that because Group One began to commercialize Goldstein's ribbon curling machine more than one year before Goldstein applied for a United States patent on the device, that the patents in this suit should be declared invalid under the "on sale" bar of 35 U.S.C. s. 102(b).

A. Standard of Proof for Patent Invalidity

A patent is presumed valid and one challenging its validity bears the burden of proving invalidity by clear and convincing evidence. 35 U.S.C. s. 282; Mas-Hamilton Group v. LaGard, Inc., 156 F.3d 1206, 1216 (Fed.Cir.1998); Baxter International, Inc. v. Cobe Labs., Inc., 88 F.3d 1054, 1057 (Fed.Cir.1996); Buildex, Inc. v. Kason Indus., Inc., 849 F.2d 1461, 1463 (Fed.Cir.1988); American Hoist & Derrick Co. v. Sowa & Sons, 725 F.2d 1350, 1360 (Fed.Cir.), *cert. denied,* 469 U.S. 821, 105 S.Ct. 95, 83 L.Ed.2d 41 (1984). The "clear and convincing" standard of proof of facts is an intermediate standard which lies somewhere between "beyond a reasonable doubt" and a "preponderance of the evidence." Addington v. Texas, 441 U.S. 418, 425, 99 S.Ct. 1804, 1809, 60 L.Ed.2d 323 (1979); *see also* SSIH Equip. S.A. v. United States Int'l Trade Comm'n, 718 F.2d 365, 380 (Fed.Cir.1983) (Nies, J., additional views).

Where, as here, the party moving for summary judgment is challenging the validity of a patent, it must present evidence sufficient to overcome the presumption of patent validity. Articulate Systems, Inc. v. Apple Computer, Inc., 53 F.Supp.2d 62, 1999 WL 307928,*2 (D.Mass., May 11, 1999) (citation omitted). To be sufficient, such evidence must be "clear and convincing." *E.g.,* Mas-Hamilton, 156 F.3d at 1216. If the moving party makes such a showing, the opposing party has the burden of coming forward with sufficient rebuttal evidence to raise a genuine issue of material fact, but "the presumption of validity remains intact and the ultimate burden of proving invalidity remains with the challenger throughout the litigation." Mas-Hamilton, 156 F.3d at 1216.

B. The On Sale Bar

Section 102(b) prohibits entitlement to a patent with respect to an invention which is offered for sale more than one year before a United States patent application is filed: "A person shall be entitled to a patent unless ... (b) the invention was ... on sale in this country, more than one year prior to the date of the application for patent in the United States." 35 U.S.C. s. 102(b). A unanimous Supreme Court recently held that the on sale bar applies when two conditions are satisfied before the critical date: (1) "the product must be the subject of a commercial offer for sale," and (2) "the invention must be ready for patenting." Pfaff v. Wells Elec., Inc., 525 U.S. 55, 119 S.Ct. 304, 311-12, 142 L.Ed.2d 261 (1998); *see also* Ferag AG v. Quipp Inc., 45 F.3d 1562, 1566 (Fed.Cir.), *cert. denied,* 516 U.S. 816, 116 S.Ct. 71, 133 L.Ed.2d 31 (1995); UMC Elecs. Co. v. United States, 816 F.2d 647, 656 (Fed.Cir.1987), *cert. denied,* 484 U.S. 1025, 108 S.Ct. 748, 98 L.Ed.2d 761 (1988).

1. Determining the "Critical" Date

The on sale bar date is measured from the effective filing date of the United States Application. *See* 35 U.S.C. s. 102(b); 35 U.S .C. s. 119. Goldstein submitted an international patent application to the European Patent Office under the Patent Cooperation Treaty (PCT) on November 12, 1992. United States patent law utilizes the PCT international filing date as the effective filing date in the United States if the international application designates the United States. 35 U.S.C. s. 363. Since Goldstein designated the United States in his PCT Application, the effective date of his United States Application is the date of the PCT Application: November 12, 1992. *See* Schneider (Europe) AG v. Scimed Life Sys., Inc., 852 F.Supp. 813, 826 (D.Minn.1994), *aff'd* without opinion, 60 F.3d 839 (Fed.Cir.1995). The parties in this case do not dispute that November 12, 1991 is the "on sale" bar date.

2. Was Goldstein's Machine Ready for Patenting?

Because Group One does not seriously dispute that Goldstein's ribbon curling machine was ready for patenting before November 12, 1991, the Court addresses the second prong of *Pfaff* first.FN6 In *Pfaff,* the Supreme Court held that the "ready for patenting" condition for application of the on sale bar may be satisfied by either (1) "proof of reduction to practice before the critical date" FN7 or (2) "proof that prior to the critical date the inventor had prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention." 119 S.Ct. at 312.

FN6. Group One's entire rebuttal to Hallmark's assertion that Goldstein's machine is ready for patenting is contained in a single footnote. Moreover, Group One does not offer any rebuttal evidence or cite to any legal authority which would support the position that Goldstein's machine was, in fact, not ready for patenting.

FN7. Reduction to practice "occurs when the inventor constructs a product or performs a process that is within the scope of the patent claims and demonstrates the capacity of the inventive idea to achieve its intended purpose." J. Thomas McCarthy, *McCarthy's Desk Encyclopedia of Intellectual Property* 365 (2d

ed.1995) (quoting 3 Donald S. Chisum, *Chisum on Patents* s. 10.06 (rev. ed.1994)).

Here, it is undisputable that Goldstein's ribbon curling machine was "ready for patenting" because it had been reduced to practice before November 12, 1991. Goldstein admitted in his deposition (1) that he "put [the ribbon curling and shredding machine mentioned in the June 24, 1991 letter to Hallmark] in to practice in 1990," and (2) that the bag of already curled and shredded ribbon enclosed with the June 24, 1991 letter was actually made by a model of the machine. As of June 1991, that machine model had all of the means-curling means, shredding means, mechanical drive wheel means, delivery means, and stripping means-described five months later in the U.K. Application filed November 14, 1991. Goldstein also testified at his deposition that he had constructed a prototype machine in 1990 and had begun work on a commercial prototype model in 1991.

Additionally, Goldstein prepared drawings of his invention in advance of November 12, 1991. He sent these drawings to his U.K. patent attorney, Adrian Chettle, on June 27, 1991, September 11, 1991, October 16, 1991, and October 23, 1991 for purposes of preparing the U.K. Application. Although these papers have not been presented to the Court, it strains reasons and credibility to believe that Goldstein could file his U.K. Application on November 14, 1991, but yet claim that two days prior to this he had not prepared drawings or other descriptions of the invention which were sufficiently specific to enable a person skilled in the art to practice the invention. In fact, Group One does not make this claim. Group One has failed to dispute, either in written motion or at the summary judgment hearing, that prior to November 12, 1991 Goldstein prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention. Accordingly, the second prong of *Pfaff* is satisfied in this case.

3. Was Goldstein's Machine Offered for Sale?

This case turns on the issue of whether Goldstein offered his machine "for sale" prior to November 12, 1991. The parties dispute this point and the dispute centers on the issue of whether an offer to provide the machine on a license/royalty basis constitutes an offer to sell the machine.

An invention may be on sale where there is a definite sale or an offer to sell. Buildex, 849 F.2d at 1462. It is not necessary that a sale be consummated for the patent to be invalid; no more than a firm offer to sell may be sufficient. *Id*. A single offer to sell is enough to invalidate the patent whether or not the offer is accepted. A.B. Chance Co. v. RTE Corp., 854 F.2d 1307, 1311 (Fed.Cir.1988). A patent may be invalidated because the alleged invention was previously "on sale" even though there are no commercially marketable products on hand. Barmag Barmer Maschinenfabrik AG v. Murata Mach. Ltd., 731 F.2d 831, 838 (Fed.Cir.1984). The test is whether the person offering the alleged invention thought he had a product which could be and was offered to customers. Paragon Podiatry Laboratory, Inc. v. KLM Laboratories, Inc., 984 F.2d 1182, 1187, n. 5. (Fed.Cir.1993). Such an offer for sale may invalidate the patent even if no details are disclosed. RCA Corp. v. Data General Corp., 887 F.2d 1056, 1060 (Fed.Cir.1989). The sale or offer for sale, must be for commercial gain and not merely for experimental use. The ultimate determination of whether an invention was on sale within the meaning of s. 102(b) is a question of law. Weatherchem Corp. v. J.L. Clark, Inc., 163 F.3d 1326, 1332 (Fed.Cir.1998).

The Federal Circuit has stressed that commercialization is the central focus for determining whether the patented invention has been placed "on-sale." In re Mahurkar, 71 F.3d 1573, 1577 (Fed.Cir.1995). Naturally one can transmit an offer through advertisements covering the invention. *See* RCA, 887 F.2d at 1056. Moreover, sending a prototype to a customer to solicit an order constitutes an offer under Stearns v. Beckman Instruments, 737 F.2d 1565 (Fed.Cir.1984). Merely quoting a price of something can constitute an offer even if the quotation by itself did not provide evidence that the patentee offered the patented invention before the critical date. Sonoscan v. Sonotek, 936 F.2d 1261, 1263 (Fed.Cir.1991) (holding that whether "the offered product is in fact the claimed invention may be established by any relevant evidence, such as

memoranda, drawings, correspondence and testimony of witnesses." (citation omitted)). Bidding on a government contract is also a sufficient offer under s. 102(b). UMC Elec., 816 F.2d at 647.

In this case, the parties do not dispute that Group One's machine was not actually sold. Where there is no sale, a definite offer to sell is an essential requirement of the on-sale bar. RCA, 887 F.2d at 1062. In *RCA,* the Federal Circuit went on to hold:

The requirement of a definite offer excludes merely indefinite or nebulous discussion about a possible sale. While this requirement may be met by a patentee's commercial activity which does not rise to the level of a formal "offer" under contract law principles, (see, e.g., analysis of pre-bid activities related to a government contract in General Elec. Co. v. United States, 206 USPQ 260, 276-77 (Ct.Cl.Tr.Div.1979)), a definite offer in the contract sense clearly meets this requirement. *See, e.g.,* Buildex, Inc. v.. Kason Indus., Inc., 849 F.2d 1461, 1463-64, 7 USPQ2d 1325, 1327-28 (Fed.Cir.1988).

Id. at 1062. The key question is whether, under the totality of the circumstances, the inventor placed his invention on sale, objectively manifested by a sale or offer for sale of a product that embodies the invention claimed in the patent. *See* Glaverbel Societe Anonyme v. Northlake Marketing & Supply, Inc., 45 F.3d 1550, 1558 (Fed.Cir.1995). The Federal Circuit has emphasized that this is an objective test, and that at its heart lies the inventor's attempt to commercialize the invention. Ferag AG, 45 F.3d at 1568.

Accordingly, The Court must consider whether Goldstein's repeated efforts to provide his machine to Hallmark, and others, on a license/royalty basis objectively manifested a definite offer to sell his machine. Hallmark relies on letters sent in 1991 that refer to a machine for curling ribbon and indicate Goldstein would be interested in providing the machine on a license/royalty basis, including the following:

We have developed a machine which can curl and shred ribbon so that Hallmark can produce the product you see inclosed-a bag of already curled and shredded ribbon.... We could provide the machine and/or the technology and *work on a license/royalty basis*. (emphasis added) [Doc. 206, Ex. 39]

Regarding the already curled and shredded ribbon, I await news of interest *so that we can discuss a license arrangement for the machine which can produce such a product*. (emphasis added) [Doc. 206, Ex. 40]

I am of course very pleased about the positive reaction towards the already curled/shredded ribbon product idea. I look forward to hearing from the member of the team and will be pleased to work with them on this product regarding the machine involved. [Doc. 206, Ex. 41]

We also have developed a machine which automatically curls and shreds ribbon for packaging "already curled ribbon." a sample of which will soon arrive by post ... We could provide the machine *and work on a license/royalty basis*. (emphasis added) [Doc. 206, Ex. 24]

Finally, enclosed is a sample bag of a brand new product. We have invented a machine which can curl and shred ribbon ... We *could discuss a license royalty arrangement if we provide the machine,* so that you could produce this yourselves. (emphasis added) [Doc. 206, Ex. 25]

Group One argues that none of these communications involves "a definite sale or offer to sell" within the meaning of 35 U.S.C. s. 102(b).

a. Applying a Contractual Framework to the On-Sale Bar

The Federal Circuit has clearly established that a definite offer in the contract sense will clearly raise the on-sale bar. Buildex Incorp., 849 F.2d at 1463; RCA, 887 F.2d at 1062. Accordingly, the Court briefly considers whether Group One's activity would rise to the level of an offer under Missouri contract law.

The question of what constitutes an "offer" is not new to traditional theories of contract law. Missouri has traditionally followed the objective theory of contracts; whether a particular proposal is an offer generally depends upon whether the recipient of the proposal could reasonably believe that the one making the proposal intended it to be an offer. To constitute an offer sufficient to result in a contract, the offer must be definite in its terms that the promises and performances required by each party are reasonably certain.FN8 In determining whether a proposal manifests the requisite intent for a contractual offer, courts look first to the specific language of the proposal itself.FN9 In this regard, language suggesting a legal offer such as "offer" or "I promise," and words suggesting preliminary negotiations such as "I quote" " or "are you interested" are evidence of intent but are not themselves controlling. In this case, Goldstein spoke in terms of "could provide" and "we could discuss."

FN8. Tinucci v. R.V. Evans Co., 989 S.W.2d 181, 184 (Mo.Ct.App.1998); In re Estate of Munzert, 887 S.W.2d 764, 768 (Mo.Ct.App.1994); Osage Homestead, Inc. v. Sutphin, 657 S.W.2d 346, 352 (Mo.Ct.App.1983) (citing Brown v. Childers, 254 S.W.2d 275, 280 (Mo.Ct.App.1953)).

FN9. Discussion on contracts taken from Edwin D. Garlepp, *An* Analysis of the Patentee's New Exclusive Right to "Offer to Sell", 81 J. Pat. & Trademark Off. Soc'y 315, 319-20 (1999).

In addition, the definiteness and completeness of the proposal may show that a legal offer was intended. As the Uniform Commercial Code notes, "the more terms the parties leave open, the less likely it is that they have intended to conclude a binding agreement ..." U.C.C. s. 2-204 comment. As to which terms are most important, a proposal will generally not be considered an offer unless it makes clear the subject matter of the proposed bargain; the price and the quantity of the proposed item involved; and the parties to the agreement. However, as intent controls the inquiry, surrounding circumstances such as prior communications and industry customs may work to prove a legal offer where one or more of these terms is absent. From these general principles has emerged the presumption that advertisements, industry circulars, and mere price quotes are not contractually binding offers but rather preliminary invitations to negotiate. Howard Const. Co. v. Jeff-Cole Quarries, Inc., 669 S.W.2d 221, 228 (Mo.Ct.App.1983) ("Whether the proposal was an offer and not merely a quotation of prices, depends upon the intentions of the offerer as manifested by the facts and circumstances of each particular case.").

The Court cannot say, as a matter of law, that Goldstein's letters rise to the level of an offer under Missouri contract law. The indefinite nature of these communications and lack of specific terms, *e.g.,* price is not mentioned, suggests that communications were preliminary proposals or invitations to negotiate a sale of the product. Moreover, no evidence has been offered which would suggest that surrounding circumstances and industry standards would prove that a legal offer was made. However, the fact that Group One's communications do not rise to the level of a contractual offer to sell does not end the Court's inquiry.

b. The On-Sale Bar beyond contract law

Although Group One's communications may not rise to the level of a legal offer under contract law, the Federal Circuit has shown a willingness to interpret the "on-sale" bar beyond contractual limits.FN10 Specifically, the court stated in *RCA,* that the definite offer requirement "may be met by a patentee's commercial activity which does not rise to the level of a formal "offer" under contract law principles ..." *RCA,* 887 F.2d 1062. "While arguably dicta, this language is consistent with the patent policies discussed by the court of preventing removal of seemingly public domain inventions from the public, and preventing the patentee from extending the patent monopoly beyond the statutory period." Garlepp, *An Analysis of the Patentee's New Exclusive Right to "Offer to Sell",* at 321; *but see* Stephen L. Purcell, *Cases And Recent Developments,* 8 Fed. Cir. B.J. 57, 74 (1999) ("Still open for debate is whether the 'subject of a commercial

offer for sale' prong of *Pfaff* will be interpreted as requiring an offer of specific contractual terms, or whether it will be applied more broadly.").

FN10. *See* Edwin D. Garlepp, *An* Analysis of the Patentee's New Exclusive Right to "Offer to Sell", 81 J. Pat. & Trademark Off. Soc'y 315, 321 (1999) ("The Federal Circuit has also shown a willingness, however, to interpret "offer to sell" beyond contractual limits in order to effectuate the "on sale" bar policies of: (1) discouraging removal of inventions from the public domain which the public justifiably comes to believe are freely available; (2) favoring prompt and widespread disclosure of inventions; (3) giving inventors a reasonable amount of time following sales activity to determine the value of the patent; and (4) prohibiting extension of the statutory period for exploiting the invention.")

The Federal Circuits's broad construction of "offer to sell" as encompassing activities beyond contractual offers is also in line with other cases that have found advertisements and price quotes to be offers to sell in the patent context. In a case predating *RCA,* the Federal Circuit ruled that two advertisements that described the patented invention and appeared in a nationally distributed trade magazine prior to the critical date were sufficient to offer for sale, and thus invalidate, the later patented invention. Reactive Metals and Alloys Corp. v. ESM, Inc., 769 F.2d 1578, 1580 (Fed.Cir.1985); In re Brigance, 792 F.2d 1103, 1107 (Fed.Cir.1986) ("Curriculum Associates' distribution of a brochure ... is sufficient grounds for finding that an offer was made ...); Timely Prods. Corp. v. Aaron, 523 F .2d 288, 299 (2d. Cir.1975).FN11

FN11. Additionally, several lower courts have seized on the *RCA* language to find mere price quotes to be offers for sale and to explicitly hold that an "offer" in the patent context reaches beyond contractual offers. *See,* TRW Financial Services Inc. v. Unisys Corp., 835 F. Supp 994, 1003 (E.D.Mich.1993) ("[a] patentee's commercial activity need not rise to the level of a formal 'offer' under contract law principles to trigger the 'on sale bar" '); Keystone Retaining Wall Systems Inc. v. Westrock Inc., 22 U.S.P.Q.2d 1001, 1009 (D.Or.1991) ("a definite offer to sell is required, but this requirement can be satisfied by a patentee's commercial activity which does not rise to the level of a formal offer under contract principles"), *aff'd,* 997 F.2d 1444 (Fed.Cir.1993). For example, in *State Industries, Inc. v. Mor-Flo Industries, Inc.,* the District Court for the Eastern District of Tennessee dealing with a price quote which explicitly disclaimed being an offer stated, "although in the technical contract sense of the word, the price sheets may not have constituted an 'offer,' in the realistic patent law sense of the term, publication and distribution of these price sheets was certainly sufficient to constitute an offer for sale ..."639 F. Supp 937, 941 (E.D.Tenn.1986), *aff'd* 818 F.2d 875 (Fed.Cir.1987), *cert. denied,* 484 U.S. 845, 108 S.Ct. 140, 98 L.Ed.2d 97 (1987).

Group One's letters to Hallmark, and to others in the industry, clearly advertise Goldstein's ribbon curling machine. *See* RCA, 887 F.2d at 1056 (finding that advertisements are a form of offer which a corporation should be able to control without much burden. By contrast, other forms of commercial activity may be difficult or impossible for a large corporation with an active sales force to effectively control.) At a minimum Group One's communications manifest an intent to begin negotiations and solicit preliminary proposals for the sale of its ribbon curling machine. The Court finds that in this case, these communications constitute sufficient commercial activity to raise the on-sale bar.

c. Is there a conceptual difference between "Sale" and "License"

Group One's argument rests upon determining whether there is a difference between "a sale or offer to sell" and a "license agreement or a license/royalty agreement." Group One argues that two cases support its argument that an offer to license an invention on a royalty basis does not constitute an offer to sell under 35 U.S .C. s. 102(b). These two cases are Mas-Hamilton Group v. LaGard, Inc ., 156 F.3d 1206, 1216-17 (Fed.Cir.1998) and Moleculon Research Corp. v. CBS, Inc., 793 F.2d 1261, 1267 (Fed.Cir.1986), *cert. denied,* 479 U.S. 1030, 107 S.Ct. 875, 93 L.Ed.2d 829 (1987). Although both of these decisions were issued

without the benefit of the Supreme Court's guidance in *Pfaff,* it is still helpful to consider Group One's argument which relies on them.FN12

FN12. *Pfaff,* focused on the issue of whether an invention can be "on sale" before it is reduced to practice. Therefore, it offers little guidance on determining when a product has been "the subject of a commercial offer for sale."

Pfaff, offers little guidance on determining when a product has been "the subject of a commercial offer for sale." The Court focused on the issue of whether an invention can be "on sale" before it is reduced to practice. Moreover, the inventor in *Pfaff,* had accepted a purchase order prior to the critical bar date, so little discussion was given to the first prong of the test. Although the Court in *Pfaff,* did not elaborate on the meaning of "commercial offer for sale," the Court did emphasize the importance of establishing a bright-line rule for the on sale bar. Pfaff, 119 S.Ct. at 311, n. 11; Brasseler, U.S.A. I, L.P., v. Stryker Sales Corp., 182 F.3d 888, ___ 1999 WL 463579 *2 (Fed.Cir. July 9, 1999).

In *Moleculon,* the defendant argued that the plaintiff's [Moleculon's] patent was invalid because the inventor had orally agreed, prior to the critical date, to assign "all his rights in the puzzle invention" to Moleculon. The inventor actually assigned his right to apply for the invention to Moleculon. The Federal Circuit held:

Although the formal written assignment occurred after the critical date, the district court held that even if there were an earlier oral agreement, an assignment or sale of the rights in the invention and potential patent rights is not a sale of "the invention" within the meaning of section 102(b). We agree. The few cases we have found on this issue have uniformly held that such a sale of patent rights does not come within the section 102(b) bar. United States Electric Light Co. v. Consolidated Electric Light Co ., 33 F. 869, 870-71 (S.D.N.Y.1888); Scott Paper Co. v. Moore Business Forms, Inc., 594 F.Supp. 1051, 1075 (D.Del.1984); *see also* Federal Sign & Signal Corp. v. Bangor Punta Operations, Inc., 357 F.Supp. 1222, 1237 (S.D.N.Y.1973). Such a result comports with the policies underlying the on sale bar, *see* Western Marine Electronics, Inc. v. Furuno Electric Co., 764 F.2d 840, 845 (Fed.Cir.1985), and with the business realities ordinarily surrounding a corporation's prosecution of patent applications for inventors, *see* Sun Studs, Inc. v. Applied Theory Associates, Inc., 772 F.2d 1557, 1568 (Fed.Cir.1985).

Moleculon, 793 F.2d at 1267. Accordingly, the Federal Circuit has held that the sale of or assignment of patent rights more than a year before patent application does not trigger the on sale bar.

In *Mas-Hamilton,* the Federal Circuit specifically noted that the parties disputed whether the defendant was merely a potential licensee of legal rights, or, rather, a potential customer of devices. Mas-Hamilton, 156 F.3d at 1216. The district court explicitly found and the Federal Circuit affirmed that the defendant was only a potential licensee. *Id.*

The district court found, based on the testimony given, that [the inventor] presented a prototype to Mosler and offered to furnish additional prototypes that were essentially the same device described in the '656 patent. However, the district court further found that the devices were for testing or show, only, and did not represent commercial sales of the lock even though money changed hands. Moreover, the district court also found that La Gard's offer to Mosler was only an offer of either (1) production rights in the invention, or of (2) the exclusive right to market the invention to the government; neither of which involved a sale or an offer to sell the devices themselves. *MasHamilton,* 21 F.Supp.2d at 714-15. The district court relied on the trial testimony and the totality of the circumstances to determine that "[a]t no time did La Gard offer to sell the invention to Mosler." *Id.*

Id. Based on this language, Group One argues that the on-sale bar should not apply because its commercial activity was merely an offer to license and not an offer to sell.

The first issue raised by Group One's argument is whether there really is a difference between an "offer to sell" and an "offer to license." In his treatise on Patent Law Fundamentals, Peter Rosenberg states:

A mere license is not deemed to constitute any interest in the patent. A license is but a promise by one having an interest in a patent to forbear from suing one who would commit what would be, but for the license, an infringement of that interest. A license merely grants a part permission to do something which would otherwise be unlawful; it grants immunity from suit rather than a propriety interest in the patent.

3 Peter D. Rosenberg, Patent Law Fundamentals s. 16.01[1][b] (2d ed.1999). Pursuant to this definition, a license does not constitute a sale of patent rights. Further evidence of the synonymity of sale and license is that courts will interpret the sale of a patented item to carry an "implied license not only to use but also repair" the item. *Id*.

In this case, Group One, through Goldstein, specifically offered to license its product: a ribbon curling machine. None of the letters made any mention of patent rights or even informed the parties that Group One intended to patent its machine. Group One does not offer any evidence supporting the argument that its letters should be interpreted as offers to license or sell its patent rights, rather Group One simply argues that because it offered to provide its machine on a license/royalty basis the on-sale bar should not be triggered.

Group One has not cited to any case which stands for the proposition that an "offer to license" should always be interpreted as an offer to sell patent rights. Moreover, the Court does not believe that *Mas-Hamilton, Moleculon,* or *Mahurkar* stand for this principle. Rather these cases support the principle that there is a difference between selling a patented product and selling your patent rights. The Court agrees with Group One that these cases support FN13 the argument that a sale of patent rights a year prior to patent application does not trigger the on-sale bar. Group One, however, argues that merely using the word "license," regardless of what you are offering to license, prevents the application of the on-sale bar and the Court rejects that argument.

FN13. The Court is not holding that *Mas-Hamilton* is no longer good law in light of *Pfaff*. Although, there may be support for this position. *See* Isabelle R. McAndrews, *The On-* Sale Bar After Pfaff v. Well Electronics: Toward a Bright-Line Rule, 81 J. Pat & Trademark Off. Soc'y 155, 167-68 (1999) ("However, the Supreme Court's holding in *Pfaff* may have completely undermined the principle that transferring rights to an invention is not a sale or offer for sale. Now that the "invention" under s. 102(b) is defined by the Supreme Court as the inventive concept, and not necessarily a product embodying that concept, the holding of *Moleculon* no longer appears viable."). Because the Court has found that Group One did not offer its patent rights for sale, it merely holds that *Mas-Hamilton* and *Moleculon* are not applicable to this case.

Accordingly, the Court finds that pursuant to the standards established by the Federal Circuit Group One's commercial activity is sufficient to raise the on-sale bar in this case. Group One advertised its product through direct mail solicitation and sent samples of its product to companies in a clear attempt to solicit proposals and initiate negotiations. The Court finds as a matter of law, that this was done in effort to sell Goldstein's invention-either his machine or the technology to build his machine-and not in effort to sell rights to his patent. Moreover, the Court rejects Group One's argument that *Mas-Hamilton* and *Moleculon* protect this type of "sales activity" merely because a "license" was offered to the potential customers.

V. Hallmark's Counterclaim

Hallmark has also seeks summary judgment on its counterclaim. In its counterclaim Hallmark seeks declaratory judgment that Group One's '492 Patent is invalid and unenforceable. For the same reasons as discussed above, Hallmark's counterclaim is GRANTED.

VI. Claim Construction

The Court realizes that the following section is somewhat superfluous and unnecessary in light of its holding regarding the On-Sale Bar. The Court, however, did hold a *Markman* hearing and considered extensive briefing on the issue of claim construction in this case. Accordingly, with an eye towards judicial efficiency and in the interest of saving the parties and the Court's time in the future, the Court notes that it would make the following holdings regarding the claim construction issues in this case.

Although this Court was presented with extrinsic evidence regarding claim construction at the *Markman* hearing, the Court concludes that it is unnecessary to consider extrinsic evidence in this case. Therefore, the Court has not considered any extrinsic evidence which may have been presented in reaching the following conclusions. *See* Vitronics Corp. v. Conceptronic, Inc., 90 F .3d 1576, 1582 (Fed.Cir.1996) ("It is well-settled that, in interpreting an asserted claim, the court should look first to the intrinsic evidence of record ...") (citation omitted). Accordingly, the Court looks to the language of the claims, the specification, and the prosecution history of the patent. *See* General Am. Transp. Corp. v. Cryo-Trans, Inc., 93 F.3d 766, 769 (Fed.Cir.1996), *cert. denied,* 520 U.S. 1155, 117 S.Ct. 1334, 137 L.Ed.2d 493 (1997). The Federal Circuit has instructed that "[t]he claim terms are to be given their ordinary meaning unless it is apparent that the inventor intended to use them differently." National Recovery Techs., Inc. v. Magnetic Separation Sys. Inc., 166 F.3d 1190, 1195 (Fed.Cir.1999) (citations omitted), the prior art cited in the prosecution history is part of the intrinsic evidence and also can be considered in determining the scope of the claims. *See* Autogiro Co. of America v. United States, 384 F.2d 391, 399 (Ct.Cl.1967) ("In its broader use as a source material, the prior art cited in the file wrapper gives clues as to what the claims do not cover."). Such intrinsic evidence is the most significant source in ascertaining the meaning of claims. *See* General Am. Transp. Corp., 93 F.3d at 769.

Where, as here, the elements of the patent claims are expressed in "means-plus-function" language, the claims are not to be construed to cover every possible physical structure that could perform the described function. Chiuminatta Concrete Concepts, Inc. v. Cardinal Indus., Inc. 145 F.3d 1303, 13-7-08 (Fed.Cir.1998). Under s. 112, para. 6, the scope of a means element is limited by the "structure, material, or acts" which are sufficiently described in the patent's specification. 35 U.S.C. s. 112. Therefore, the patent will cover only physical structures that are sufficiently defined in the specification and those structures that are substantially defined in the specification and those structures that are substantially equivalent. Chiuminatta, 145 F.3d at 1309. In addition, the accused structure must perform the identical function stated in the claims. Id. at 1310.

A. "Stripping Means" Element FN14

FN14. The Court notes that it would apply the same claim construction to Group One's '752 Patent as it does to the '492 Patent. In other words, the Court does not believe that there is any material difference in the manner in which the claims in these related patents should be interpreted. Accordingly, the Court simply focuses on the claims contained in the '492 Patent and only refers to the '752 Patent occasionally in the interest of clarity.

The Court finds that the "stripping means" element in Claim 1 and dependent Claims 2, 5, 6, 11, and 17 of the '492 Patent should be construed as being limited to (a) an air blower that blows, or directs, air toward the curled ribbon (b) for the purpose of separating the ribbon from the mechanical drive wheel means to prevent the ribbon, which would otherwise adhere to the mechanical drive wheel means, from adversely affecting the operation of the mechanical drive wheel means. The Court reaches this conclusion for the following reasons.

Claim 1 of the '492 Patent describes a "stripping means 936) for separating the ribbon from said mechanical drive wheel means by preventing said ribbon from adhering to said mechanical drive wheel means. The structure "(36)" in Claim 1 refers to the air blower depicted in Figure 1 of the patent. As depicted, the blower functions to move air transversely toward the curled ribbon that is exiting the three wheel drive train 31, 32, 33 and to push the ribbon to the right in Figure 1 away from wheel 32.

The court concludes that the stripping means element should be limited to an air blower which blows, moves, or directs air because no other structure is "enable" by the patent as reflected in the prosecution history. The enablement requirement limits the patentee to obtaining claims covering only as much as is sufficiently disclosed in the specification to enable one of ordinary skill in the art to practice the invention:

The enablement requirement ensures that the public knowledge is enriched by the patent specification to a degree at least commensurate with the scope of the claims. the scope of the claims must be less than or equal to the scope of the enablement.

National Recovery, 166 F.3d at 1195-96; *see also* 35 U.S.C. s. 112 para. 1. During the prosecution of both the '492 and '752 Patent applications, the Examiner insisted that the stripping means element be amended to include the limiting phrase "in order to prevent said ribbon from adversely affecting operation of said mechanical drive wheel means by preventing said ribbon from adhering to said mechanical drive wheel means. The Examiner required this limiting language to "particularly point out and distinctly claim the invention's particular relationship between utilizing [a] separating step, via air blower 36, and utilizing the mechanical drive means in order to perform the drawing step and, thus, 'ensure that the shredded ribbon does not cling to wheel 32 and thus snag or jam the machine ..." [Doc. 183, Ex. 11 at 6-7]

In response to an effort by Goldstein to broaden his claims, the Examiner concluded that the specification "fails to provide an alternate enabling disclosure for separating the ribbon by utilizing stripping means other than mechanical air blower means (36) ..." [*Id.*] Upon finding that the air blower was the only enabled disclosure for separating the ribbon, the Examiner concluded that no other stripping means was adequately taught, and that Goldstein, consequently, was not entitled to claim these "non-enabled" structures. Goldstein agreed to the Examiner's changes to the language of the stripping means element "to provide an enabled embodiment." This agreement made to achieve patentability precludes a broader interpretation of the stripping means than the air blower specified by the PTO. *See e.g.,* Alpex Computer Corp. v. Nintendo Co., 102 F.3d 1214, 1221 (Fed.Cir.1996) ("Just as prosecution history estoppel may act to estop an equivalence argument under the doctrine of equivalents, positions taken before the PTO may bar an inconsistent position on claim construction under s. 112, para. 6 [means plus function]."), *cert. denied,* 521 U.S. 1104, 117 S.Ct. 2480, 138 L.Ed.2d 989 (1997).

In addition to being limited to the physical structure of an air blower, the Court finds that the claims should be construed to require that blower perform the exact function stated in the patent- *i.e.,* "separating the ribbon from the drive wheel means to prevent ribbon from jamming the machine." As noted above, Figure 1 of '492 Patent shows in schematic form an air blower moving air transversely onto the ribbon to counteract the stated tendency of the curled ribbon to follow around wheel 32 and adversely affect the machine. Consequently, the stripping means element of Claim 1 and the dependent Claims 2, 5, 6, 11, and 17 should be construed as requiring the air blower to function by blowing or moving air such that the ribbon is moved in a direction which will prevent the curled ribbon from adhering to a drive wheel and wrapping back around the drive wheel means which pull the ribbon across the curling means.

The Court must also construe the stripping means element of Claim 19 of the '492 Patent. It is an independent claim, which means that it does not incorporate any other claim into it by reference. In relevant part, Claim 19 provides:

A ribbon curling device ... stripping means 36 for separating the ribbon from said drive means; ...

The Court believes that the "stripping means" element in Claim 19 should be construed in the same way as the "stripping means" in Claim 1. Even though the "stripping means" in Claim 19 does not contain all of the functional language that the Examiner required of the stripping means term in Claim 1, that limitation should nonetheless be applied to Claim 19 under the principles enunciated in Builders Concrete, Inc. v. Bremerton Concrete Prods. Co., 757 F.2d 255, 260 (Fed.Cir.1985).

In *Builders Concrete,* the Federal Circuit held that an independent claim, such as Claim 19 herein, that was not amended during prosecution, but which contained language identical to another claim that was narrowed in response to an Examiner's rejection, should be construed in the same, limiting manner as the amended claim. *Id.* During prosecution of the patent in *Builders Concrete,* the Examiner narrowed the scope of a second independent claim that was not the subject of the lawsuit. Even though the claim in the suit was not narrowed by the Examiner, and the Examiner did not criticize the scope of the claim or any of its terms, the Federal Circuit held that the plaintiff was not permitted as a matter of law to recapture a broader interpretation of the claim in suit that was relinquished to attain patentability of the other claim. The Court stated:

[T]he prosecution history of all claims is not insulated from review in connection with determining the fair scope of [the claim in suit]. To hold otherwise would be to exalt form over substance and distort the logic of this jurisprudence, which serves as an effective and useful guide to the understanding of patent claims.

Id.

Claims 1 and 19 each originally referred to "stripping means" without any limiting functional language. The Examiner added the limiting functional language to Claim 1, but did not do so to Claim 19, even though the two claims originally contained the identical "stripping means" language. Consequently, the additional functional limitation language, "to prevent said ribbon from adversely affecting operation of said mechanical drive wheel means by preventing said ribbon from adhering to said mechanical drive wheel means," should be read into Claim 19, and the two "stripping means" terms in Claim 1 and 19 should be construed in the same way. *See* Builders Concrete, 757 F.2d at 260.FN15

FN15. If it were to have reached this issued, and applied the facts of this case to this claim construction, the Court would have concluded that there are material issues of fact in dispute as to whether Hallmark's machines No. 1-7, and modified machine No. 7, infringe Group One's '492 and '752 Patents.

B. Mechanical Drive Wheel Means

The Court finds that the "mechanical drive wheel means" element of Claim 1 and "drive means" element of Claim 19 should be defined to as any mechanical drive means which incorporates wheels to exert a tractive effort on the ribbon to perform the function of pulling across the curling means. The Court reaches this conclusion for the following reasons.

The '492 Patent describes the function of the mechanical drive wheel means as "imposing a tractive effort on the ribbon." The specification then identifies a number of structures that perform this function. In the exemplary embodiment of mechanical drive wheel means shown in Figure 1 of the '492 patent, the structure that imposes tractive effort on the ribbon is a train of three wheels, 31, 32 and 33. The ribbon is pulled by a motor driven wheel 32 on both sides thereof, but the specification explains that in other embodiments, the first or last wheel in the train, or any other wheel, could be driven with the same effect by virtue of the driving connection between the adjacent wheels. The specification also identifies a variety of other structures that could accomplish this same or equivalent function:

1. Adjacent belts or wheels in pressing contact and between which ribbon is squeezed.

2. A single wheel, 82 (Figure 11);

3. A conveyer belt working against a fixed roller or another belt.

Because a means-plus-function patent must be construed "to cover the corresponding structure, material or acts described in the specification" these structures constitute mechanical drive means under the '492 patent.

The Court also rejects Hallmark's argument that such a construction effectively reads the word "wheel" out of the patent. All of these structures, as well as all traditional conveyor belts, use wheels to drive the belts and consequently use wheels to drive whatever they are moving. Moreover, the Court believes that Hallmark reads the word "alternatively," found in the '492 specifications, too broadly. The Court does not find that this language limits the patent such that conveyor belts may only be used alternatively with "wheels." Rather this language indicates that individuals may use simple wheels or alternative means to pull the ribbon across the curling means.

For the reasons mention above,FN16 the Court finds that it is appropriate to interpret the "drive means" language in Claim 19 as being equivalent to the "mechanical drive wheel means" language in Claim 1.FN17

FN16. See Courts earlier discussion of *Builder's Concrete*.

FN17. If it were to have reached this issued, and applied the facts of this case to this claim construction, the Court would have concluded that there are material issues of fact in dispute as to whether Hallmark's machines No. 1-7, and modified machine No. 7, infringe Group One's '492 and '752 Patents.

C. Guide Means

The Court finds that the "ribbon guide means" element of Claims 17 and Claim 19 should be construed as a guide which is a guide which is physically located between the drive means and the curling means and which performs the function of controlling the approach angle to the drive means. The Court bases this conclusion on the following reasons.

Claims 17 and 19 of the '492 Patent contain an additional limitation not found in the other asserted claims-a "ribbon guide means (81) intermediate said curling means and drive means, said ribbon guide means (81) controlling the approach angle of ribbon to said drive means, said ribbon guide means (81) forming a convex guide surface." Group One asserts that Hallmark uses devices that are "intermediate" of some, but not all, of the components in the alleged drive means. It also claims that Hallmark uses metal tabs located between the curling blade and the nip rollers in the curling station to perform the function of controlling the approach angle to the nip rollers.

The parties dispute on this issue focuses on whether the '492 Patent requires the guide means to be located between all of the drive means and the curling means or whether it is sufficient if the guide means is located between part of the drive means and the curling means. The dispute focuses on the meaning the word intermediate. The Court concludes that the patent simply requires that the guide be located between, or intermediate, the curling means and another location where it controls the approach angle of the ribbon to the drive means, even if it is not the between the curling means and the entire drive means. FN18

FN18. If it were to have reached this issued, and applied the facts of this case to this claim construction, the Court would have concluded that there are material issues of fact in dispute as to whether Hallmark's

machines No. 1-7, and modified machine No. 7, infringe Group One's '492 and '752 Patents.

VII. CONCLUSION

For the reasons stated above, it is hereby ORDERED that Defendant Hallmark's motion for summary judgment on Counts I and II of Plaintiff Group One's Amend Complaint is GRANTED. It is further ORDERED that Hallmark's motion for summary judgment on its counterclaim is GRANTED.

IT IS SO ORDERED.

W.D.Mo.,1999.
Group One Ltd. v. Hallmark Cards, Inc.

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