United States District Court,
N.D. Texas, Dallas Division.

POLY-AMERICA, INC,
Plaintiff.
v.
SERROT INTERNATIONAL, INC,
Defendant.

No. CIV.A.3:00CV1457-D

Oct. 18, 2001.

MEMORANDUM OPINION AND ORDER

FITZWATER**, District J.**

In this patent infringement action brought by plaintiff-counterdefendant Poly-America, Inc. ("Poly-America"), defendant-counterplaintiff Serrot International, Inc. ("Serrot") moves for summary judgment declaring U.S. Patent No. 5,763,047 (the '047 Patent) and U.S. Patent No. 5,804,112 (the '112 Patent) invalid by operation of the "on sale" bar of 35 U.S.C. s. 102(b). For the reasons that follow, the court denies the motion.

I

There are two patents at issue in this case. The '047 patent is entitled "Blown-Film Textured Liner Having a Smooth Welding Strip" and concerns a type of liner suitable for use in landfills. The '112 patent is entitled "Method of Co-Extruding a Blown-Film Textured Liner" and concerns a process that may be used to make the product that is the subject of the '047 patent. Both patents originate from an application that was filed on April 3, 1996 and are entitled to that filing date for purposes of evaluating the prior art. Each patent is held by plaintiff-counterdefendant Poly-America via assignment, and each forms the basis for its infringement action against Serrot. Serrot contends that because the subject matter of each patent was on sale in the United States more than one year before the filing of the April 3, 1996 patent application, the patents are invalid under s. 102(b). The "on sale" bar of s. 102(b) establishes April 3, 1995 as the "critical date" for purposes of triggering the bar. Any finding that the invention claimed by a patent was "on sale" before the critical date leads to invalidation of the patent.

In its motion for summary judgment, Serrot contends the invention of the '112 patent was on sale before the critical date. It also argues that a product embodying all the limitations of the '047 patent was on sale beginning in 1991.

II

A

Claim 1 of the '047 patent (the sole independent claim of the patent) claims the following product:

1. A blown-film textured liner, comprising:

a) first layer of thermoplastic material having an upper flat surface and a lower flat surface;

b) a second layer of thermoplastic material bonded to said upper flat surface of said first layer of thermoplastic material, said second layer of thermoplastic material comprising a random distribution of peaks and valleys, wherein said second layer is not coextensive with said first layer; and

c) a third layer of thermoplastic material bonded to said lower flat surface of said first layer of thermoplastic material, said third layer of thermoplastic material comprising a random distribution of peaks and valleys.

Serrot asserts that, at least as early as 1991, a company known as National Seal Company ("NSC") actively manufactured and sold a product known as Friction Seal. Based on extensive descriptions of the Friction Seal product in its appendix, Serrot argues that the product embodied each of the structural and compositional limitations listed in portions a), b), and c) of claim 1. *See* Serrot Br. at 14-15. Serrot also contends these are the only limitations contained in claim 1. Id. A finding that the Friction Seal product embodied all the limitations of claim 1 and was on sale before the critical date would lead to the conclusion that the '047 patent is invalid under s. 102(b).

Poly-America objects to Serrot's construction of claim 1. Poly-America contends that it is a further limitation of claim 1 that the product must be made of "blown-film." The language that Poly-America posits establishes this further limitation is found in the preamble to claim 1. FN1

FN1. The term "preamble" refers to the part of claim 1 that precedes the word "comprising."

B

There is no bright-line rule that determines when language contained in the preamble should be deemed to constitute a limitation of the claim. This determination "can be resolved only on review of the entirety of the patent to gain an understanding of what the inventors actually invented and intended to encompass by the claim." Rowe v. Dror, 112 F.3d 473, 478 (Fed.Cir.1997) (quoting Corning Glass Works v. Sumitomo Elec. U.S.A., Inc. 868 F.2d 1251, 1257 (Fed.Cir.1989)). Federal Circuit precedent makes clear that the preamble of a claim does not function as a limitation of the claim "when it merely states a purpose or intended use of the invention." In re Paulsen, 30 F.3d 1475, 1479 (Fed.Cir.1994). Review of the entirety of the '047 patent reveals that the preamble language relating to "blown-film" does not state a purpose or intended use of the invention, but rather discloses a fundamental characteristic of the claimed invention that is properly construed as constituting a limitation of the claim itself.

Claim construction is a matter of law for the court to decide. *See* Markman v. Westview Instruments, Inc., 517 U.S. 370, 390 (1996). In arriving at the conclusion that the preamble language relating to "blown-film" should be deemed a limitation of claim 1, the court first reviews the patent specification itself. Throughout the patent specification-including the sections entitled "Field of the Invention," "Description of the Related Art," and "Summary of the Invention"-the product's characteristic of having been made via a blown-film process is highlighted as an essential element that demonstrates the enhanced utility of the product and

distinguishes it from the prior art. *See* Serrot App. 14. The fact that the description of the preferred embodiments refers to the invention as a "blown-film textured liner" no fewer than 35 times, *id*. at 14-15, further supports the court's construction.

The principal argument that Serrot advances against this construction relates to the prosecution history of the '047 patent. As noted, the '047 product patent and the '112 process patent have their origin in a single application filed April 3, 1996. In the November 18, 1996 office action, the patent examiner issued a restriction requirement based on a finding that the product claims contained in the application were distinct from the process claims that were also included in the application, and should be separately prosecuted. The patent examiner based his action on Manual of Patent Examining Procedure ("MPEP") s. 806.05(f), which provides that inventions are distinct if it can be shown "that the product as claimed can be made by another and materially different process." Serrot urges the court to interpret the patent examiner's issuance of the restriction requirement as proof that the product claimed by the '047 patent may be made by *any* process, and therefore is not subject to the limitation of having been made via a blown-film process. *See* Serrot Rep. at 7. In light of MPEP s. 806.05(f) and the language that accompanied the patent examiner's issuance of the restriction requirement, *see* Serrot App. 113-115, the court concludes that this aspect of the '047 patent's prosecution history serves only to illustrate that the product claimed by the '047 patent need not be made by the precise process that is the subject of the '112 patent. It does not follow that the product claimed by the '047 patent need not be made by a blown-film process. FN2

FN2. Serrot moves to strike portions of the affidavit of Edward G. Fiorito ("Fiorito") as being outside the scope of his personal knowledge. *See* Serrot Rep. at 2-5. The court need not consider the portions at issue in light of the court's independent conclusion regarding the significance of the restriction requirement as a guide to interpreting claim 1 of the '047 patent. Accordingly, Serrot's motion to strike portions of the Fiorito affidavit is denied as moot.

The record indicates, and the parties do not dispute, that the Friction Seal product was made by a cast process rather than by a blown-film process. *See* Poly-America Br. at 15; Serrot App. 83. Therefore, even assuming *arguendo* that the Friction Seal product satisfies the limitations of claim 1 of the '047 patent that follow the preamble, the product's failure to satisfy the limitation imposed by the preamble renders it incapable of anticipating the '047 patent under the s. 102(b) "on sale" bar.

III

A

Claim 1 of the '112 patent (the sole independent claim of the patent) claims:

1. A method for forming a blown-film textured liner, comprising the steps of:

a) extruding molten thermoplastic material through a central passage of a blown-film extrusion die;

b) extruding molten thermoplastic material containing a blowing agent through a first side passage of a blown-film extrusion die; and

c) extruding molten thermoplastic material containing a blowing agent through a second side passage of a blown-film extrusion die;

wherein said molten thermoplastic material extruded through said first and second side passages is merged with said molten thermoplastic material in said central passage;

wherein a textured portion of the blown-film textured liner is formed by action of said blowing agent; and

wherein a first plug is disposed in said first side passage to partially block the extrusion of said molten thermoplastic material from said first side passage.

Serrot points to three separate transactions as evidence that the process claimed by the '112 patent was on sale before the April 3, 1995 critical date. Each of these transactions relates to the sale of equipment necessary to carry out a blown-film extrusion process.

B

If it otherwise meets the requirements for the "on sale" bar, an offer to sell a device that is capable of carrying out a method that is the subject of a patent claim "would constitute a bar to the patentability of the claimed method." Robotic Vision Sys., Inc. v. View Eng'g, Inc., 112 F.3d 1163, 1167 (Fed.Cir.1997). The standard for determining whether the requirements for imposition of the "on sale" bar have been met is set out in Pfaff v. Wells Electronics Inc., 525 U.S. 55, 67-68 (1998). In *Pfaff* the Supreme Court held that the "on sale" bar applies when two conditions are met before the critical date. First, "the product must be the subject of a commercial offer for sale." *Id*. at 67. Second, "the invention must be ready for patenting." *Id*. The Court stated that the second condition may be satisfied in at least two ways: "by proof of reduction to practice before the critical date; or by proof that prior to the critical date the inventor had drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention." *Id*. at 67-68. This court must therefore evaluate each of the transactions identified by Serrot under this standard. FN3

FN3. In applying the quoted language from *Pfaff* to the present case, it must be taken into account that the facts of *Pfaff* dealt with a product, rather than a process, patent and with alleged offers for sale by the inventor rather than by a third party. The statutory language of s. 102(b) that relates to the "on sale" bar applies equally to all "inventions," whether consisting of a product or a process, and to all offers for sale within the United States, regardless of the identity of the offering party. *See, e.g* ., Donald S. Chisum, et al., *Principles of Patent Law* 337-38 (1998).

Serrot presents evidence that in 1987 a firm known as Gloucester Engineering ("Gloucester") sold equipment capable of performing a blown-film extrusion process to a Texas-based firm known as Gundle Lining Systems ("Gundle"). The declaration of former Gundle manager Friedrich Struve ("Struve"), and supporting documents, indicate that the sale was completed and the machinery installed during the last quarter of 1987. *See* Serrot App. 21. Thus this transaction presents no question as to whether there was a "commercial offer" under the first prong of the *Pfaff* test. *See* Group One, Ltd. v. Hallmark Cards, Inc., 254 F.3d 1041, 1046 (Fed.Cir.2001) (holding that "the language used [by *Pfaff*] strongly suggests that the offer must meet the level of an offer for sale in the contract sense, one that would be understood as such in the commercial community."). The parties disagree, however, regarding whether, as a consequence of Gloucester's having installed the machinery at the Gundle plant, a process that satisfied all the limitations of the '112 patent was "ready for patenting."

Struve's declaration indicates that the three-passage extrusion die that Gloucester installed contained a special modification that Gundle requested. This modification consisted of the inclusion of "choker slides" in the side passages of the die that were intended to be used to block partially the flow of molten thermoplastic containing the nitrogen gas blowing agent. *See* Serrot App. 20. The Struve declaration indicates that the choker slides, although installed, were never used. Id. at 22. Thus Gundle never used the Gloucester equipment to perform a process wherein the extrusion of molten thermoplastic material through the first side passage was partially blocked. Considering this fact, the uncontradicted summary judgment evidence indicates that Gundle never reduced to practice the method claimed by the '112 patent. The *Pfaff* standard, however, does not require that an invention have been reduced to practice to satisfy the requirement of being "ready for patenting." *See* Pfaff, 525 U.S. at 67 (stating that condition of being ready for patenting "may be satisfied in at least two ways[.]"). Where an invention has not been reduced to practice as of the asserted "on sale" date, the relevant inquiry is whether a person skilled in the art would have been capable of practicing the invention as of that date.

There is contradictory evidence concerning the question whether a person skilled in the art would have been capable of practicing the method claimed by the '112 patent using the 1987 Gundle machinery. Struve's declaration, on which Serrot relies, asserts that "[t]here was never any doubt expressed by either Gloucester Engineering or Gundle engineers that the blown-film process and equipment described above would not work for its intended purpose." Serrot App. 22. This assessment conflicts with that given by engineer George M. Hall ("Hall") in an affidavit introduced by Poly-America. Hall testified:

It is my opinion that because of the placement of the movable chokers and the force necessary to use them, damage to the delicate confluency gap would undoubtedly occur if the chokers were compressed making the die incapable of producing a satisfactory liner making the die incapable of performing the process described in the patent.

Poly-America App. 25.FN4

FN4. Serrot objects to introduction of the Hall affidavit on the same grounds asserted as to the affidavit of Edward G. Fiorito ("Fiorito"). Serrot Rep. 3,5. It maintains that the "affidavit suffers from the same defects as Mr. Fiorito['s] with the additional flaw that his testimony is blatantly biased." Id. at 5. Serrot cites the Fed.R.Civ.P. 56(e) requirement that "opposing affidavits shall be made on personal knowledge" and "shall set forth such facts as would be admissible in evidence" as support for its motion to strike. Id. at 2.

In addition to stating that Hall "[has] personal knowledge regarding the facts and opinions contained herein[,]" the affidavit lists specifically the documents he reviewed and the educational and industry background that serve as the basis for forming the opinion he expressed. *See* Poly-America App. 22-26. The opinions Hall expresses in his affidavit regarding the capability of the Gundle machinery to perform the '112 process are based on personal knowledge derived from his examination of technical drawings depicting the Gundle machinery and his general familiarity with blown-film extrusion processes. The court therefore overrules Serrot's objections and denies its motion to strike the Hall affidavit. *See* Iacobelli Constr., Inc. v. County of Monroe, 32 F .3d 19, 25-26 (2d Cir.1994) (holding that affidavits were properly considered under Rule 56(e) where they "explained in detail which documents were reviewed, relevant industry customs and practices, and the general bases for their opinions."). Any bias that Hall may have affects the weight, not the admissiblity, of his testimony.
Considering the record evidence, the court holds that there is a genuine issue of material fact whether a

person skilled in the art would have been capable of practicing the method claimed by the '112 patent using the Gundle machinery. Thus summary judgment in favor of Serrot based on the Gloucester/Gundle transaction is unwarranted under the *Pfaff* standard.FN5

FN5. Even if the Hall affidavit were excluded, Struve's testimony would be insufficient of itself to support summary judgment of invalidity, given the clear and convincing evidence standard that Serrot must meet to establish the "on sale" bar. *See* Finnigan Corp. v. Int'l Trade Comm'n, 180 F.3d 1354, 1366-69 (Fed.Cir.1999).

C

Serrot contends that certain business negotiations between Gloucester and NSC in 1995 furnish an independent ground for invalidating the '112 patent under the s. 102(b) "on sale" bar. As stated above, the first requirement of *Pfaff* is that the product or process must be shown to have been the subject of a commercial offer for sale before the critical date. Serrot has introduced a written price quote, dated April 27, 1995, as evidence that Gloucester made an offer to sell NSC equipment capable of enabling NSC to carry out a process that satisfied all the limitations of the '112 patent. *See* Serrot App. 49-74. Although the price quotation itself is dated after the April 3, 1995 critical date, Serrot has also introduced the declaration of Jack Donaldson ("Donaldson"), a former NSC employee, that states that the April 27, 1995 price quotation was merely a confirmation of an oral offer made to Donaldson during a meeting at Gloucester headquarters in March 1995. *See* Serrot App. 39. Donaldson's deposition testimony indicates, however, his inability to recall the precise date of the Gloucester meeting. *See* Poly-America App. 40-41. He acknowledges that the meeting could have taken place at any time between the end of February and the end of April 1995. Id. This evidence is sufficient to conclude that there is a genuine issue of material fact regarding whether Gloucester made a commercial offer to NSC before the April 3, 1995 critical date. Therefore, the court cannot grant summary judgment in favor of Serrot based on Gloucester's 1995 negotiations with NSC.

D

Serrot also contends that negotiations in 1995 between NSC and Brampton Engineering ("Brampton") are sufficient to support an "on sale" bar as to the '112 patent. Donaldson, the NSC executive who also testified regarding NSC's negotiations with Gloucester, avers in his declaration that he received a written price quotation from Brampton regarding the contemplated manufacture of a "3 layer bottom fed die in conjunction with special inside and outside lips for foaming the skins of the final product[.]" Serrot App. 40. The price quotation to which Donaldson refers is included in Serrot's appendix and is dated March 23, 1995. *See* Serrot App. 75-81. Donaldson acknowledges in his deposition testimony that the price quotation document by itself did not contain enough detail to build a co-extrusion line. *See* Poly-America App. 51-52. Moreover, there is some dispute as to the date Donaldson received this price quotation. Donaldson avers in his declaration that he has "no reason to believe that I did not receive the quote before April 1, 1995." Serrot App. 40. When questioned about his degree of certainty regarding having received the price quote in advance of the critical date, however, Donaldson responded: "I have no idea. I'm just going by the date of the document." Poly-America App. 51.

The summary judgment evidence indicates that Brampton may have prepared technical drawings in conjunction with its price quotation to NSC. It is unclear, however, whether Donaldson ever received these drawings or whether he obtained them before the April 3, 1995 critical date. *See* Poly-America App. 53 (excerpting Donaldson's deposition testimony wherein he indicates an inability to recall receiving Brampton

technical drawing). For these reasons, the court concludes that there is a genuine issue of material fact regarding the existence of a commercial offer from Brampton embodying all the limitations of the '112 patent in advance of the critical date.

* * *

Concluding that there are genuine issues of material facts that preclude summary judgment based on the "on sale" bar, the court denies Serrot's motion for summary judgment.

SO ORDERED.

N.D.Tex.,2001.
Poly-America, Inc. v. Serrot Intern., Inc.

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