United States District Court,
D. Delaware.

**MLMC, LTD,**
Plaintiff.
v.
**AIRTOUCH COMMUNICATIONS, INC. Alltel Corporation, Gte Corporation, Gte Wireless, Incorporated, Primeco Personal Communications, L.P., Cellco Partnership d/b/a Verizon Wireless, Alltel Communications, Inc., 360 Communications Company, Vodafone Airtouch Licenses, L.L.C., and Verizon Wireless (VAW), L.L.C,**
Defendant.

No. 990781-SLR

**Nov. 1, 2001.**

## MEMORANDUM ORDER

ROBINSON**, J.**

At Wilmington this 1st day of November, 2001, having reviewed papers submitted in connection therewith;

IT IS ORDERED that the disputed claim language in the '554 patent, as identified by above referenced parties, shall be construed as follows, consistent with the tenets of claim construction set forth by the United States Court of Appeals for the Federal Circuit:

### A. Claim 31.

1. "A plurality of voice circuits." Transmission lines capable of carrying voice communications. ('554 patent, col. 4, lns. 5-9)

2. "Plurality of communications channels." Radio frequency communications channels, each channel including two distinct frequencies, one for communication to the mobile unit and the other for communication from the mobile unit. ('554 patent, col. 4, lns. 51-60)

3. "Central channel." A radio frequency channel assigned to carry control signals to establish, as opposed to maintain, communication connections between the central control station and the mobile units. ('554 patent, col. 31, lns. 23-36)

4. "Plurality of radio transceivers capable of communicating on the plurality of communications channels and capable of providing paging signals for mobile units." The transceivers can be commanded to provide any one of several functions upon receipt of instructions from the central control station, including the function of establishing a communication connection between a mobile unit and the central control station.

('554 patent, col. 31, lns. 1-5)

5. "Radio interface module ('RIM')." Electrical circuitry connected to individual transceivers in order to provide the various control functions (data or communications) involved in the operation of each channel. ('554 patent, col. 30, lns. 19-22, 61-68)

6. "Interconnecting said transceiver and one of said voice circuits for supplying paging signals." A single RIM connected to a single voice circuit and a single transceiver is downloaded with instructions from the central control station for operation as the central channel. ('554 patent, col. 14, lns. 61-68; col. 31, lns. 23-36)

7. "Enabling dynamic assignment of one of said RIMs to supply paging commands." Any channel, with its associated RIM, transceiver and voice circuit, can function as the central channel in response to separate commands from the central control station. ('554 patent, col. 5, lns. 3-13; col. 31, lns. 1-5; col. 32, lns. 16-42)

**B. Claim 32.**

1. "Radio frequency channels." Each cell station must have at least two radio frequency channels of different frequencies. ('554 patent, col. 4, lns. 51-60; col. 31, lns. 1-5)

2. "Each radio frequency channel including a separate transceiver." Each channel is associated with a separate transceiver. ('554 patent, col. 14, lns. 61-68; col. 31, lns. 1-5)

3. "Connected between transmit and receiver antenna means common to all of the channels." Each transceiver is connected to a common receiver and transmit antennae. ('554 patent, col. 30, lns. 12-22)

4. "Each channel having a separate control circuit that is adapted to control the operation of its associated transceiver to complete radio frequency communication paths to mobile units as instructed by the telephone switch." Each channel is operated via a separate control circuit consistent with the instructions downloaded from the central control station. ('554 patent, col. 5, lns. 3-13; col. 14, lns. 61-68; col. 31, lns. 1-5; col. 32, lns. 16-42)

5. "Means in each of said control circuits for receiving instruction from said telephone switch for presetting the operation mode of said control circuit as a control channel used to establish initial communications with a mobile unit or as a voice channel over which continuous communication is maintained with the mobile unit once an initial communication path is established." Circuitry that downloads instructions from the central control station to preset the operation of the channel associated with each control circuit in a mode dedicated to transmitting data to establish initial communications or in a mode dedicated to transmitting voice and data signals for maintaining communications ('554 patent, col. 31, lns. 23-53); the structures associated with this function are the interface circuit, the bus, and the microprocessor subsystem ('554 patent, col. 32, lns. 61-63; col. 33, lns. 65-68).

6. "Means in each of the said control circuits for processing voice signals and converting data signals into form to be communicated between the telephone switch and an associated transceiver." Circuitry associated with each transceiver that operates to translate voice and data signals between the central control station and the mobile units ('554 patent, col. 31, lns. 37-53); the structures associated with this function are the

transmit and receive audio processing circuits ('554 patent, col. 33, lns. 38-44) and the data control circuit ('554 patent, col. 33, lns. 56-7).

IT IS FURTHER ORDERED that defendants' motion for summary judgment of invalidity of U.S. Patent No. 4,829,554 under 35 U.S.C. s. 102(b) (D.I.404) is denied; defendants' motion for partial summary judgment of noninfringement of U.S. Patent No. 4,829,554 by Lucent Equipment under 35 U.S.C. s. 102 (D.I.414) is denied; FN1 and defendants' motion for summary judgment of laches (D.I.410) is denied with respect to the '554 patent, for the reasons that follow:

FN1. Defendants also filed motions for partial summary judgment of noninfringement by systems using Nortel (D.I.412) and Motorola equipment (D.I.417). Because the parties have settled claims related to Nortel and Motorola equipment, the court does not consider these motions for partial summary judgment.

**A. Summary Judgment**

1. Summary judgment is appropriate only "if the pleadings, depositions, answers to interrogatories, and admissions on file, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed.R.Civ.P. 56(c). "The evidence must be viewed in the light most favorable to the nonmoving party." Southwall Techs., Inc. v. Cardinal IG Co., 54 F.3d 1570, 1575 (Fed.Cir.1995).

**B. Invalidity of** '554 Patent

1. An issued patent is presumed valid. *See* 35 U.S.C. s. 282. In order to overcome this presumption, the party challenging validity bears the burden of proving by clear and convincing evidence that the invention fails to meet the requirements of patentability. *See* Hewlett-Packard Co. v. Bausch & Lomb, 909 F.2d 1464, 1467 (Fed.Cir.1990). Clear and convincing evidence is evidence that "could place in the ultimate fact finder an abiding conviction that the truth of [the] factual contentions are 'highly probable." ' Colorado v. New Mexico, 467 U.S. 310, 316 (1984). "The law has long looked with disfavor upon invalidating patents on the basis of mere testimonial evidence absent other evidence that corroborates that testimony." Finnigan Corp. v. Int'l Trade Commission, 180 F.3d 1354, 1366 (Fed.Cir.1999).

2. Section 102(b) of the patent statute provides that a person shall be entitled to a patent unless

the invention was patented or described in a printed publication in this or a foreign country or in public use or 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). To invalidate a patent claim under s. 102(b), a prior art reference must anticipate the claimed invention by disclosing, either expressly or inherently, each and every limitation set forth in the claim. *See, e.g.,* Constant v. Advanced Micro-Devices, Inc., 848 F.2d 1560, 1570 (Fed.Cir.1989). Inherent disclosure exists if the limitation is necessarily present as a part of the prior art and would be so recognized by a person of ordinary skill in the art. In re Robertson, 169 F.3d 743, 745 (Fed.Cir.1999). "Whether a prior art reference anticipates a patent claim is a question of fact." Finnigan Corp., 180 F.3d at 1362.

3. To qualify as a "printed publication" under s. 102(b), a document must be sufficiently accessible to the interested public before the critical date for the patent in question. *See, e.g.,* Constant v. Advanced Micro-

Devices, Inc., 848 F.2d 1560, 1568 (Fed.Cir.1989). More specifically, the proponent of the "printed publication" bar must show that the anticipating reference is sufficiently accessible to persons interested and ordinarily skilled in the subject matter so that such persons, exercising reasonable diligence, can locate the reference and recognize and comprehend the essentials of the claimed invention from it without further research or experimentation. In re Wyer, 655 F.2d 221, 226 (C.C.P.A.1981). "[D]issemination and public accessibility are the keys to the legal determination whether a prior art reference was 'published." ' Constant, 848 F.2d at 1568. The court determines on a case-by-case basis from the totality of the facts whether a document is sufficiently disseminated to the interested public to be a printed publication. *See, e.g., Id.* at 226.

4. The "on sale" bar to patent validity in s. 102(b) of the patent statute is raised when: (1) a product incorporating or using an invention is the subject of a commercial offer for sale more than one year before the patent application date; and (2) the invention is ready for patenting. *See* Pfaff v. Wells Elecs., Inc., 525 U.S. 55, 67 (1998). The "on sale" bar is not limited to sales by the inventor, but may result from activities of a third party that anticipate the invention. In re Epstein, 32 F.3d 1559, 1564 (Fed.Cir.1994). To establish a commercial offer for sale, one "must demonstrate by clear and convincing evidence that there was a definite sale or offer to sell more than one year before the application for the subject patent, and that the subject matter of the sale or offer to sell fully anticipated the claimed invention or would have rendered the claimed invention obvious by its addition to the prior art." STX, LLC v. Brine, Inc., 211 F.3d 588, 590 (Fed.Cir.2000) (citations omitted). A single sale or even a single offer to sell primarily for profits is sufficient to trigger the on sale bar. *See* In re Caveney, 761 F.2d 671, 676 (Fed.Cir.1985). Whether a product is on sale within the meaning of 102(b) "is a question of law with subsidiary issues of fact." In re Epstein, 32 F.3d at 1564.

5. For the purposes of this motion, the court assumes a relevant critical date of January 31, 1984.

6. Defendants argue that claims 31 and 32 of the '554 patent are anticipated by a prior art reference known as the "Silver Book," a publication that describes the Ericsson CMS 8800 Cellular Mobile Telephone System. (D.I. 419 at A99-A160) Defendants allege the Silver Book is a printed publication that anticipates and enables every element of the '554 claims and was disseminated before the critical date. (D.I. 419 at A102, A142, A142, A145, A151, A157; D.I. 426 at para.para. 1, 4-8; D.I. 428 at para.para. 2, 3, 5, 8)

7. Plaintiff argues that defendants fail to provide clear and convincing evidence that the Silver Book qualifies as a printed publication. In addition, plaintiff asserts that the Silver Book fails to disclose the fourth element of claim 31 and the third, fourth, and fifth elements of claim 32. (D.I. 449 at A204-8, A224-6, A312)

8. Defendants also argue that claim 32 of the '554 patent is anticipated by a prior art reference known as the "Enterprise System," a cellular system sold by Nortel Networks, Inc. ("Nortel"). (D.I. 421 at para.para. 2-3; D.I. 423 at para. 3; D.I. 430 at para. 3) Defendants assert that the Enterprise System discloses every element of claim 32 and was on sale and ready for patenting before the critical date. (D.I. 419 at A223-4, A261-5; D.I. 421 at para.para. 2-3, 5, 8; D.I. 423 at para.para. 3, 6, 8-9, 15-19; D.I. 430 at para.para. 3-4, 6-9).

9. Plaintiff argues that defendants fail to provide clear and convincing evidence that the Enterprise System was on sale and ready for patenting before the critical date. In addition, plaintiff asserts that the Enterprise System fails to disclose elements three and five of claim 32. (D.I. 423 at Tab F, Tab H; D.I. 449 at A209-13, A227-9, A242-3, A314, A318-9, A320-4)

10. Based on the record, the court concludes that there are genuine issues of material fact as to whether the Silver Book and/or the Enterprise System anticipate and invalidate claims 31 and 32 of the '554 patent.

**C. Noninfringement of** '554 Patent

1. "A patent infringement analysis involves two steps: claim construction and application of the properly construed claim to the accused product." KCJ Corp. v. Kinetic Concepts, Inc., 223 F.3d 1351, 1355 (Fed.Cir.2000). Claim construction is a question of law while infringement is a question of fact. *Id*. The patentee must establish infringement by a preponderance of the evidence. *See, e.g.,* Braun Inc. v. Dynamics Corp., 975 F.2d 815, 819 (Fed.Cir.1992). "To establish literal infringement, every limitation set forth in a claim must be found in an accused product, exactly." Southwall Tech., Inc. v. Cardinal IG Co., 54 F.3d 1570, 1575 (Fed.Cir.1995). "An accused device that does not literally infringe a claim may still infringe under the doctrine of equivalents if each limitation of the claim is met in the accused device either literally or equivalently." *Sextant Avionique, S.A. v. Analog Devices, Inc.,* 172 F.3d 818, 826 (Fed.Cir.1999). "An element in the accused product is equivalent to a claim limitation if the differences between the two are 'insubstantial' to one of ordinary skill in the art." KCJ Corp., 223 F.3d at 1359.

2. Defendants assert that the first and fourth elements of claim 31 are not found in the accused Lucent equipment either literally or equivalently. (D.I. 416 at para.para. 13-15; D.I. 419 at A49-50, A51, A54, A57, A59-60, A65, A66, A69, A80, A81; '554 patent, col. 32, lns. 25-35) In addition, defendants assert that the third, fourth, and fifth elements of claim 32 are not found in the accused Lucent equipment either literally or equivalently. (D.I. 416 at para.para. 8, 10-13, 15; D.I. 419 at A7, A53-4, A56, A62-3, A65-7, A71, A72-4, A83-4; '554 patent, col. 1, lns. 64-8; col. 3, lns. 41-5; col. 30, lns. 1-11; col. 32, lns. 25-35; col. 53, lns. 18-35) As a result, defendants argue that cellular systems using the Lucent equipment do not infringe claims 31 or 32 of the '554 patent.

3. Plaintiff argues that cellular systems using the accused Lucent equipment literally infringe claims 31 and 32 of the '554 patent. (D.I. 449 at A181-5, A189-93) Alternatively, plaintiff argues the accused systems infringe claims 31 and 32 under the Doctrine of Equivalents, because any variance from the individual claim elements is insubstantial. (D.I. 449 at A182, A185, A190-2, A193, A218)

4. Based on the record, the court concludes that there are genuine issues of material fact as to whether cellular systems using the accused Lucent equipment infringe claims 31 and 32 of the '554 patent.

**D. Laches**

1. To invoke the equitable defense of laches, a defendant has the burden to prove two factors:

a. The plaintiff delayed filing suit for an unreasonable and inexcusable length of time from the time the plaintiff knew or reasonably should have known of its claim against the defendant, and

b. The delay operated to the prejudice or injury of the defendant.

A.C. Aukerman Co. v. R.L. Chaides Construction Co., 960 F.2d 1020, 1032 (Fed.Cir.1992). In deciding whether laches applies, a court looks at all of the facts and circumstances of each case and weighs the equities of the parties. *Id*. "The length of time which may be deemed unreasonable has no fixed boundaries but rather depends on the circumstances." *Id*. Material prejudice to defendant may be either economic or

evidentiary. *Id*. at 1033. Evidentiary prejudice "may arise by reason of a defendant's inability to present a full and fair defense on the merits due to the loss of records, the death of a witness, or the unreliability of memories of long past events, thereby undermining the court's ability to judge the facts." *Id*. "Economic prejudice may arise where a defendant and possibly others will suffer the loss of monetary investments or incur damages which likely would have been prevented by earlier suit." *Id*. A rebuttable presumption of laches arises where the patentee delays filing suit for more than six years after actual or constructive knowledge of the defendant's alleged infringing activity. *Id*. at 1035-6. Nevertheless, even where the defendant establishes the factors of laches through actual proof or by presumption, the court retains discretion whether to recognize the laches defense, based on the equities of the case. *Id*. at 1036. In addition, "laches bars relief on a patentee's claim only with respect to damages accrued prior to suit." *Id*. at 1041.

2. Defendants argue a presumption of laches exists for the '554 patent because defendants began selling cellular systems with the alleged infringing components in 1992, over six years before plaintiff filed suit in 1999, and the infringing activities were sufficiently prevalent in the inventor's field of endeavor to impute constructive knowledge to plaintiff. (D.I. 419 at A161, A165, A166, A172) Alternatively, defendants argue that plaintiff had actual knowledge of infringement either in 1994, when Harris corporation contracted with MLMC to identify potential licensees for the '554 patent, or in 1995, when MLMC first received an expert report regarding potential infringement of the '554 patent by unidentified Nortel equipment. (D.I. 419 at A162-4, A165, A167) Defendants complain that they have suffered both evidentiary and economic prejudice due to an unreasonable delay in filing suit. (D.I. 411 at 8; D.I. 419 at A172-3, A175-96)

3. Plaintiff argues that it lacked sufficient basis to file suit until 1998 at the earliest, after investigating infringement and consulting with experts over a period of several years. (D.I. 451 at A342-9) Plaintiff contends that the infringing activities were not open and notorious and that it had no reason to believe any one cellular service provider was infringing the patent. Plaintiff also contests any evidentiary or economic prejudice to defendants. (D.I. 451 at A327, A329-30, A336-41, A352-354)

4. Based on the record, the court concludes that genuine issues of material fact exist about the date when plaintiff knew or should have known of the defendants' alleged infringing activities or about the existence of evidentiary or economic prejudice. As a result, it would be premature for the court to decide whether any presumption of laches exists or if any delay in filing suit was unreasonable and prejudicial.

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