United States District Court,
N.D. California.

KEYTRAK, INC,
Plaintiff.
v.
KEY REGISTER, L.L.C., Key Register Systems, Inc., and Key Management, Inc,
Defendants.

No. C 03-00870 WHA

Oct. 9, 2003.

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Brian D. Boydston, Sridavi Ganesan, Pick & Boydston LLP, Los Angeles, CA, Michael L. Glaser, Michael D. Murphy, Shughart Thomson & Kilroy, P.C., Denver, CO, John C. Hope, Jr., Law Office of John C. Hope Jr., Reno, NV, for Defendants.

ORDER GRANTING IN PART AND DENYING IN PART PLAINTIFF'S MOTION FOR PARTIAL SUMMARY JUDGMENT

ALSUP**, J.**

INTRODUCTION

In this patent-infringement action, plaintiff moves for partial summary judgment. This order GRANTS plaintiff's motion as to infringement, DENIES the motion as to the issue of obviousness, and GRANTS the motion as to the best-mode requirement.

STATEMENT

The sole patent-in-suit is United States Patent No. 6,501,379, entitled "Object Carriers for an Object Control and Tracking System." According to the patent, the invention claimed "relates generally to object tracking and control systems and more particularly to enhancements usable with such systems for tracking larger collections of keys and loose objects other than keys" (Col.1:15-18).

The '379 patent is a continuation of a patent application from which several patents ultimately issued. On November 5, 2001, the examiner allowed Claims 21-74 in the '379 patent. These claims, however, were later cancelled. On December 20, 2001, the applicant submitted a request for continued examination. The asserted reason for this was that the applicant became aware of additional information that the examiner might have deemed material, namely a reference called "Dallas Semiconductor Corporation, Fifty Ways to

Touch Memory." The applicant made this information disclosure. After considering this disclosure, the examiner rejected Claims 21-74 on February 12, 2002. In light of the Dallas Semiconductor reference, some of the claims were rejected under 35 U.S.C. 102(b) as being anticipated; the remainder were rejected under 35 U.S.C. 103(a) as obvious in view of Dallas Semiconductor and another reference.

The examiner and applicant subsequently conducted a telephone interview. Pursuant to that interview, the applicant submitted ten new (but overlapping) claims, then numbered 75-84. On April 16, 2002, the examiner allowed these new claims. When the patent issued on December 31, 2002, however, it included only Claims 21-74, renumbered as Claims 1-53. The applicant alerted the PTO of this error and requested that the error be corrected. On February 11, 2003, a certificate of correction issued, canceling Claims 1-53, and substituting Claims 1-10 (formerly 75-84) in their place.

Plaintiff filed the instant infringement action soon thereafter, on February 27, 2003. The accused product is the Key Register System, an object storing and tracking system marketed to automobile dealerships. Defendants Key Register, L.L.C., and Key Registers Systems, Inc. (collectively "Key Register") developed and market the Key Register System; defendant Key Management, Inc. is a distributor of the Key Register System.

Plaintiff now moves for partial summary judgment on infringement and validity. FN1

FN1. Although plaintiff initially moved also for certification of a grant of summary judgment as a final order under FRCP 54(b) and for injunctive relief, plaintiff withdrew these requests in its reply brief. Similarly, plaintiff also withdrew a separately-filed motion for partial summary judgment on defendants' unenforceability and unclean hands affirmative defenses.

ANALYSIS

1. INFRINGEMENT.

Plaintiff moves for partial summary judgment on the issue of infringement. Determining infringement is a two-step analysis. First, the claims of the patent-in-suit must be construed; second, there is an inquiry as to whether the claims cover the accused device. Cybor Corp. v. FAS Techs., Inc., 138 F.3d 1448, 1454 (Fed.Cir.1998). Here, the controversy centers on the meaning of a patent claim. Because this is an issue of law, it is appropriate for disposition by the Court on summary judgment. Gen. Mills, Inc. v. Hunt-Wesson, Inc., 103 F.3d 978, 983 (Fed.Cir.1997) ("Where the parties do not dispute any relevant facts regarding the accused product, ... but disagree over possible claim interpretations, the question of literal infringement collapses into claim construction and is amenable to summary judgment.").

Plaintiff contends that it is entitled to entry of partial summary judgment as to the issue of whether the accused device infringes the '379 patent. Plaintiff sets forth in its motion how the elements of Claims 1, 2, 3, 6, 7, 9, and 10 are satisfied by the accused product. Each of these claims incorporates the term "trackable object." With regard to the issue of infringement, defendants oppose plaintiff's motion by arguing that the keycom device is not a trackable object because it is attached by a key ring to a key. "Trackable object" was construed in the August 5 claim-construction order as "an object paired with a key to enable the key to be tracked." According to defendants, this definition cannot encompass an object *attached to* a key to enable the key to be tracked. Thus, the issue is really one of further claim construction: whether "paired with," as used by the Court in construing trackable object, includes "attached to."

Defendants offer several arguments as to why "paired with" cannot encompass "attached to." *First,* defendants argue that the plain meaning of "paired with" compels their interpretation. Both parties offer different dictionary definitions to support their views. While referring to dictionary definitions has its place in process of construing claims, *see* Texas Digital Systems, Inc. v. Telegenix, Inc., 308 F.3d 1193, 1202 (Fed.Cir.2002), this order finds little use in consulting dictionaries to construe terms that were used to construe claims. In any event, it is notable that Claim 1, where "trackable object" first appears in the patent's claims, begins as follows:

1. A key tracking and control system comprising:

a trackable object associated with each key to be tracked, each trackable object having a lower portion and an upper portion;....

Thus, it is fair to say that "paired with" and "associated with" are synonymous. The Court agrees with plaintiff and reads the plain meaning of "associated with" or "paired with" to include "attached to."

Moreover, there is no reason to deviate from plain meaning in this case. Contrary to defendants' assertions, the relevant evidence, including the prosecution history, fails to show that a trackable object cannot be attached to the key being tracked.

As a preliminary matter, it must be noted that the doctrine of prosecution-history estoppel does not apply here. That doctrine serves as a limitation on the doctrine of equivalents. *See* Warner-Jenkinson Co. v. Hilton Davis Chem. Co., 520 U.S. 17, 30, 117 S.Ct. 1040, 137 L.Ed.2d 146 (1997). It is not relevant to claim construction and the literal-infringement analysis.

What is relevant, however, is the doctrine of prosecution-history disclaimer, which provides that a claim cannot be interpreted to comprehend that which was clearly and unmistakably disavowed during prosecution of the patent. *See* Omega Eng'g, Inc. v. Raytek Corp., 334 F.3d 1314, 1323 (Fed.Cir.2003). Here, defendants point out that some of the claims rejected on February 12, 2002, used the word "attached," whereas the rewritten claims that the patentee submitted-and that were ultimately allowed-did not use this word. Because of this, defendants argue, the allowed claims should be interpreted to exclude a trackable object that is attached to a key. Defendants further argue that the "attached" limitation was the basis for the claims' rejection. The removal of these limitation, defendants maintain, is what made the examiner allow the claims that ultimately issued.

Having carefully reviewed the prosecution history, the Court disagrees with defendants. While it is true that a handful of the rejected claims used the word "attached," the majority of them did not. Yet all were rejected. Comparing the rejected claims to those that were allowed, it is by no means clear that the "attached" limitation is the sole distinguishing feature. In the Court's view, the prosecution history does not compel the conclusion that the trackable object cannot be attached to a key. Accordingly, the claim shall not be limited on this basis. *See* Brookhill-Wilk I, LLC v. Intuitive Surgical, Inc., 334 F.3d 1294, 1301-02 (Fed.Cir.2003); *see also* Omega Eng'g, 334 F.3d at 1325 (cautioning that a claim must not be limited when an alleged disavowal of claim scope is ambiguous rather than clear and unmistakable).

Defendants also invoke, without success, the doctrine of claim differentiation. As to this argument, defendants fail to convince the Court that the change from "corresponding to," which was used in certain

rejected claims, to "associated with" in Claim 1, was intended to narrow the scope of the claim to exclude the possibility of attachment. Furthermore, it is noted that claim differentiation is properly used when the claims of a patent, as issued, are compared. *See* Wenger Mfg. Co. v. Coating Mach. Sys., Inc., 239 F.3d 1225, 1233 (Fed.Cir.2001). Less meaning is gleaned from comparing, as defendants try here, withdrawn or rejected claims to claims ultimately issued.

In sum, defendants are incorrect in asserting that the trackable object limitation does not read on the accused product because the keycom device is attached to a key in the Key Register System. Plaintiff has demonstrated that no inquiry for the jury remains as to the issue of infringement of Claims 1, 2, 3, 6, 7, 9 and 10. On this issue, plaintiff is entitled to partial summary judgment.

2. VALIDITY.

Defendants, to be sure, have a hefty burden of proving invalidity. A patent is presumed to be valid, and invalidity must be established by clear and convincing evidence. Schumer v. Lab. Computer Sys., Inc., 308 F.3d 1304, 1315 (Fed.Cir.2002). Defendants premise their invalidity arguments on two theories: obviousness and failure to disclose the best mode.

A. Obviousness.

A patent is unpatentable as obvious "if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole have been obvious at the time the invention was made to a person having ordinary skill in the art." 35 U.S.C. 103(a). Obviousness is a question of law based on underlying facts. McGinley v. Franklin Sports, Inc., 262 F.3d 1339, 1349 (Fed.Cir.2002). The Court is aware of the heavy burden faced by defendants to overcome the presumption of validity with clear and convincing evidence. *See* Schumer, 308 F.3d at 1315. But it is also mindful that factual inferences are to be drawn in favor of the non-moving party on summary judgment. *See* Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 255, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986). After careful consideration, the Court declines to grant partial summary judgment on this issue.

Defendants have submitted the testimony of Dr. James Adams, an experienced electrical engineer. Dr. Adams opines that the combined teaching of the prior art rendered the claimed invention obvious. In support of this conclusion, Dr. Adams provides a lengthy claim chart setting forth the prior art that corresponds to each element of the claimed invention.

Plaintiff argues that this "piecemeal analysis" fails to show a motivation or suggestion to combine these elements. *See* Gambro Lundia AB v. Baxter Heathcare Corp., 110 F.3d 1573, 1579 (Fed.Cir.1997) (noting that the absence of such a suggestion is dispositive in a determination of obviousness). Whether there is a motivation or suggestion to combine prior art references is a question of fact. In re Gartside, 203 F.3d 1305, 1316 (Fed.Cir.2000). Dr. Adams opines, albeit in a conclusory fashion, that such motivation or suggestion to combine is present, be it from the prior art references, the knowledge of those of ordinary skill in the art, or from the nature of the problem to be solved. While conclusory opinions of this kind may be insufficient to defeat summary judgment, *see* Teleflex, Inc. v. Ficosa North America Corp., 299 F.3d 1313, 1334 (Fed.Cir.2002), defendants offer more here. Specifically, Dr. Adams points to the fact that the patent examiner rejected previously allowed claims on grounds of anticipation and obviousness based on the same prior art. These rejected claims were substantially similar to those that ultimately issued, although admittedly different in respects. This serves as evidence that one of ordinary skill in the art would have been motivated to combine at least some, if not all, of the elements of the claimed invention.

Plaintiff asserts that defendants' use of this evidence is inappropriate. Plaintiff contends that evidence from the prosecution history is not relevant because it is not prior art. But defendants are not arguing that the prosecution history is itself the source of the suggestion to combine. Rather, they are offering it to show that, at least in the mind of the examiner, the suggestion or motivation to combine would have been evident to one of ordinary skill in the art (as to the large number of rejected claims). Plaintiff further points out that to look at withdrawn claims, without considering the treatment of subsequent claims, constitutes an erroneous analytical approach. This order, however, has noted the substantial similarities between the rejected (and subsequently withdrawn) claims and those that ultimately issued. In this regard, as to whether there was a suggestion or motivation to combine, the examiner's obviousness and anticipation findings remain relevant. Finally, plaintiff asserts that the examiner's conclusions lacked adequate support and the examiner could have been wrong. At this juncture, the Court is not in a position to hold that the examiner was wrong.

To conclude, whether a jury question exists as to the issue of suggestion or motivation to combine is, on this record, a close call. The Court will be better prepared to address this question, and the legal question of obviousness, once it has a fuller understanding of the level of knowledge of one of ordinary skill in the art and how one of such skill would have understood the prior art at the time of the invention. Such a better understanding will necessarily occur through the course of a trial. For all of the foregoing reasons, the Court declines to grant plaintiff partial summary judgment as to the issue of obviousness.

B. Disclosure of Best Mode.

The best-mode requirement appears in 35 U.S.C. 112, which provides in relevant part that the specification "shall set forth the best mode contemplated by the inventor of carrying out his invention." The purpose of this requirement is to prevent inventors from concealing from the public the preferred embodiments of inventions for which they seek patents. Teleflex, 299 F.3d at 1330.

Determining whether the best-mode requirement was satisfied is a question of fact involving a two-part inquiry:

The first prong is subjective, focusing on the inventor's state of mind at the time he filed the patent application, and asks whether the inventor considered a particular mode of practicing the invention to be superior to all other modes at the time of filing. The second prong is objective and asks whether the inventor adequately disclosed the mode he considered to be superior. With respect to both the first and second prongs, the best mode inquiry is directed to what the applicant regards as the invention, which in turn is measured by the claims.

Ibid. (internal quotation marks and citations omitted).

Here, defendants premise their best-mode argument on the assumption that the inventor subjectively viewed a key tag with an LED on top as the best mode of the invention. This assumption, however, is unsubstantiated. Rather than submitting any evidence going to the inventor's state of mind, defendants reason that the inventor considered the key tag to be the best mode because plaintiff argues that the claims comprehend such an embodiment. This reasoning fails. There is no indication that the inventor considered a key tag, as opposed to a box or container, to be the best mode of the trackable object disclosed in the patent. This evidentiary shortcoming, coupled with defendants' heavy burden of proof on the question of validity, demands entry of partial summary judgment in plaintiff's favor with regard to the best-mode requirement.

CONCLUSION

For the foregoing reasons, plaintiff's motion for partial summary judgment is: (1) GRANTED as to the issue of infringement of Claims 1, 2, 3, 6, 7, 9 and 10; (2) DENIED as to the issue of obviousness; and (3) GRANTED as to the best-mode requirement.

In view of the extensive motion practice in this case, plaintiff shall not bring any further FRCP 56 motions without the prior permission of the Court. Such permission may be sought by submitting a ten-page or less precis of any such proposed motion. The same is true for any new preliminary injunction motion. (The Court hereby modifies what it suggested at the last hearing about a new preliminary injunction motion.)

IT IS SO ORDERED.

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