United States District Court,
W.D. Texas, Austin Division.

John D. WATTS and John D. Watts Family Limited Partnership and Reliable Pipe Threads, LLC,
Plaintiffs.
v.
XL SYSTEMS, L.P. and Grant Prideco, Inc,
Defendants.

Civil Action No. 1:06-CV-653-LY

July 2, 2008.

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MEMORANDUM OPINION AND ORDER ON MOTIONS FOR SUMMARY JUDGMENT AND CLAIM CONSTRUCTION

LEE YEAKEL**, District Judge.**

Before the Court in the above styled and numbered cause of action are Plaintiffs John D. Watts, John D. Watts Family Limited Partnership, and Reliable Pipe Threads, LLC's (collectively "Watts") Motion for Partial Summary Judgment that Defendants are Collaterally Estopped from Challenging Validity or Enforceability of the '418 Patent filed July 18, 2007 (Doc. # 64), and Defendants XL Systems, L.P. ("XL") and Grant Prideco, Inc.'s ("Grant") Memorandum in Opposition to Plaintiffs' Motion for Summary Judgment filed August 1, 2007 (Doc. # 72), Watts' Reply to XL and Grant's Response to Watts' Motion filed August 15, 2007 (Doc. # 88), XL and Grant's Motion for Summary Judgment filed August 2, 2007 (Doc. # 70) and Watts' Response to XL and Grant's Motion for Summary Judgment filed August 15, 2007 (Doc. # 86). FN1

FN1. By order of this Court on August 22, 2007, both Watts' Motion for Partial Summary Judgment that Defendants are Collaterally Estopped from Challenging the Validity or Enforceability of the '418 Patent and XL and Grant's Motion for Summary Judgment were withdrawn from individual consideration in response to a collective motion. However, the substance of the motions remained on file for consideration in conjunction with the claim-construction issues and are therefore addressed herein.

Also before the Court are Watts' Opening *Markman* Brief and Motion for Partial Summary Judgment that

Defendants are Collaterally Estopped from Seeking a New Interpretation of the Claims of the '418 Patent filed July 27, 2007 (Doc. # 66), XL and Grant's Response to Watts' Opening *Markman* Brief filed August 10, 2007 (Doc. # 80), and Watts' Reply to XL and Grant's Response to Watts' Opening *Markman* Brief filed August 17, 2007 (Doc. # 101). Also before the Court are XL and Grant's First Amended Opening *Markman* Brief filed August 3, 2007 (Doc. # 77), Watt's Response *Markman* Brief filed August 10, 2007 (Doc. # 79), XL and Grant's Reply to Watt's Response to XL and Grant's First Amended Opening *Markman* Brief filed August 17, 2007 (Doc. # 100), and the claim-construction presentations of both Watts and XL and Grant.

After thoroughly reviewing all of the written documentation before the Court, the relevant documents from the prior proceedings between Watts and XL, and oral argument of counsel, the Court will partially grant and partially deny Watts' Motion for Partial Summary Judgment that Defendants are Collaterally Estopped from Challenging the Validity or Enforceability of the '418 Patent. The motion will be granted as to XL on all invalidity and enforceability issues pertaining to the '418 Patent other than obviousness and will be denied as to XL on the issue of obviousness and denied as to Grant *in toto*. The Court will deny XL and Grant's Motion for Summary Judgment. The Court will partially grant Watts' Motion for Partial Summary Judgment that Defendants are Collaterally Estopped from Seeking a New Interpretation of the Claims of the ' 418 Patent. The motion will be granted as to XL and denied as to Grant. Finally, the Court will construe the disputed '418 Patent terms.

I. BACKGROUND

Watts alleges that XL and Grant willfully infringe its high strength, low torque threaded tubular connection patent, the '418 Patent. The '418 Patent is generally directed toward a threaded pipe connection with increased sealing capability, increased resistance to mechanical loads, and low makeup torque. Watts originally alleged infringement only against XL but added Grant as a defendant in its First Amended Complaint. Watts alleges two groups of Defendants' pipe connections infringe the '418 Patent: (1) Defendants' connections that use the "XLC" threadform, which are identified as the "XLCS connections", and (2) Defendants' connections that use the "TC-II" threadform and threadforms evolved from the TC-II threadform, which are identified as the "TC-II connections".

John D. Watts previously obtained a final judgment against XL, known then as XL Systems, Inc., FN2 for infringement of the ' 418 Patent by one of the XLCS connections on or about September 28, 2001. *See John D. Watts v. XL Systems, Inc.,* No. L99-CV-0369 (E.D. Tex., Beaumont Division). The judgment awarded monetary damages to John D. Watts and enjoined XL Systems, Inc. from making, using, or selling a threaded pipe connection covered by claim 1 of the ' 418 Patent during the term of the patent. The judgment was appealed to the Court of Appeals for the Federal Circuit and was affirmed on March 6, 2003. Based on this final judgment, Watts alleges willful infringement by XL and Grant in continuing to produce and sell a product covered by claim 1 of the ' 418 Patent, in violation of the injunction. Additionally, Watts urges the Court to give the previous litigation collateral-estoppel effect in precluding XL and Grant from (1) disputing the meaning of terms in claim 1 of the ' 418 Patent, and (2) challenging the validity or enforceability of the ' 418 Patent.

FN2. XL Systems, Inc. was reorganized as XL Systems, L.P. on or about July 31, 2000.

On August 24, 2007, this Court held a claim-construction hearing. *See* Markman v. Westview Instruments, Inc., 517 U.S. 370, 116 S.Ct. 1384, 134 L.Ed.2d 577 (1996). At the hearing, both sides argued the meaning

of five terms in claim 1 of the '418 Patent. Additionally, Watts argued that XL and Grant should be collaterally estopped from challenging the claim construction of the '418 Patent that was determined in the previous litigation. XL and Grant responded that collateral estoppel should be applied in this case.

II. LEGAL PRINCIPLES

A. Summary Judgment

With regard to procedural issues not unique to patent law, the law of the regional circuit controls. Lamle v. Mattel, Inc., 394 F.3d 1355, 1358 (Fed.Cir.2005). This includes summary-judgment motions filed pursuant to Federal Rule of Civil Procedure 56(c). Air Turbine Tech., Inc. v. Atlas Copco AB, 410 F.3d 701, 707 (Fed.Cir.2005).

Summary judgment should be granted if the record, taken as a whole, "together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." FED. R. CIV. P. 56(c); Warfield v. Byron, 436 F.3d 551, 557 (5th Cir.2006). The Supreme Court has interpreted the plain language of Rule 56(c) to mandate "the entry of summary judgment, after adequate time for discovery and upon motion, against a party who fails to make a showing sufficient to establish the existence of an element essential to that party's case, and on which that party will bear the burden of proof at trial." Celotex Corp. v. Catrett, 477 U.S. 317, 322, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986).

When evaluating a motion for summary judgment, the court views the evidence using the evidentiary standard of proof that would apply at a trial on the merits, drawing all justifiable inferences in the nonmovant's favor. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 255, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986); Eli Lilly & Co. v. Barr Labs., Inc., 251 F.3d 955, 962 (Fed.Cir.2001). In order to determine whether or not summary judgment should be granted, an examination of the substantive law is essential. Substantive law will identify which facts are material, for "[o]nly disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment." Anderson, 477 U.S. at 249-51.

With respect to patent invalidity, an issued patent carries a statutory presumption of validity "that can be overcome only through clear and convincing evidence." U.S. Surgical Corp. v. Ethicon, Inc., 103 F.3d 1554, 1563 (Fed.Cir.1997); *see* 35 U.S.C. s. 282 (2006). Accordingly, a party "seeking to invalidate a patent at summary judgment must submit such clear and convincing evidence of invalidity." Eli Lilly, 251 F.3d at 962.

B. Collateral Estoppel

1. When Does It Apply?

The judicial doctrine of collateral estoppel serves to preclude relitigation of matters that have been or should have been litigated previously. 18 WRIGHT, MILLER & COOPER, FEDERAL PRACTICE AND PROCEDURE s. 4403 (2d ed.2002). Several policy interests underlie the application of collateral estoppel, including (1) improving judicial efficiency by conserving valuable resources, (2) encouraging reliance on adjudication by providing uniformity of judgments, (3) promoting comity between courts, and (4) fostering fairness in preventing litigants from having a second bite at the apple or from the cost and vexation of multiple lawsuits. *Id*. (citing United States v. Throckmorton, 98 U.S. (8 Otto) 61, 65, 25 L.Ed. 93 (1898);

Brown v. Felsen, 442 U.S. 127, 99 S.Ct. 2205, 2209, 60 L.Ed.2d 767 (1979); Allen v. McCurry, 449 U.S. 90, 94-95, 101 S.Ct. 411, 66 L.Ed.2d 308 (1980); Kremer v. Chemical Constr. Corp., 456 U.S. 461, 102 S.Ct. 1883, 1889 n. 6, 72 L.Ed.2d 262 (1982)).

Although appellate jurisdiction in the substantive area of patent law resides with the Court of Appeals for the Federal Circuit, the Federal Circuit applies the procedural aspects of collateral-estoppel law of the regional circuit in which the district court resides. RF Delaware, Inc. v. Pacific Keystone Techs., Inc., 326 F.3d 1255, 1261 (Fed.Cir.2003) (citing Bayer AG. v. Biovail Corp., 279 F.3d 1340, 1345 (Fed.Cir.2002)). Trial courts have broad discretion to determine when collateral estoppel applies. *See Parklane Hosiery Co., Inc. v. Shore,* 439 U.S. 322,331(1979).

The general rule of collateral estoppel is that a prior judgment will bar the parties to the earlier lawsuit and those in privity with them from relitigating the same issues necessary to and actually litigated in the earlier lawsuit. Nevada v. United States, 463 U.S. 110, 129-30 & 130 n. 11, 103 S.Ct. 2906, 77 L.Ed.2d 509 (1983) (citing *Parklane,* 439 U.S. at 326 n. 5). Stated alternatively, "[u]nder collateral estoppel, once a court has decided an issue of fact or law necessary to its judgment, that decision may preclude relitigation of the issue in a suit on a different cause of action involving a party to the first case." Allen, 449 U.S. at 94 (citing Montana v. United States, 440 U.S. 147, 153, 99 S.Ct. 970, 59 L.Ed.2d 210 (1979)). Prior to the *Parklane* decision in 1979, collateral estoppel was limited by the requirement of mutuality, under which "neither party could use a prior judgment as an estoppel against the other unless both parties were bound by the judgment." *Parklane,* 439 U.S. at 327. The *Parklane* court dispensed with the mutuality requirement, allowing collateral estoppel to be used "offensively" FN3 in a new federal suit against the party who lost on the decided issue in the first case. Allen, 449 U.S. at 94-95 (citing *Parklane,* 439 U.S. at 332-33). However, the Supreme Court has repeatedly recognized that "the concept of collateral estoppel cannot apply when the party against whom the earlier decision is asserted did not have a 'full and fair opportunity' to litigate that issue in the earlier case." Allen, 449 U.S. at 95 (citing Montana, 440 U.S. at 153; Blonder-Tongue Labs., Inc. v. University of Ill. Found., 402 U.S. 313, 328-29, 91 S.Ct. 1434, 28 L.Ed.2d 788 (1971)).

FN3. "In this context, offensive use of collateral estoppel occurs when the plaintiff seeks to foreclose the defendant from litigating an issue the defendant has previously litigated unsuccessfully in an action with another party. Defensive use occurs when a defendant seeks to prevent a plaintiff from asserting a claim the plaintiff has previously litigated and lost against another defendant." *Parklane,* 439 U.S. at 326. The Court further noted, however, that "the distinct trend if not the clear weight of recent authority is to the effect that there is no intrinsic difference between 'offensive' as distinct from 'defensive' issue preclusion, although a stronger showing that the prior opportunity to litigate was adequate may be required in the former situation than the latter ." *Parklane,* 439 U.S. at 331 n. 16.

The Court of Appeals for the Fifth Circuit has determined that a judgment is preclusive in federal court if: (1) the prior decision resulted in a judgment on the merits; (2) the identical issue was litigated in that court; (3) the issue's disposition was necessary to the prior action's outcome; and (4) no special circumstances make the application of collateral estoppel unfair. Financial Acquisition Partners LP v. Blackwell, 440 F.3d 278, 284 (5th Cir.2006) (citing American Home Assurance Co. v. Chevron, USA, Inc., 400 F.3d 265, 272 (5th Cir.2005); Winters v. Diamond Shamrock Chem. Co., 149 F.3d 387, 391 (5th Cir.1998), *cert. denied,* 526 U.S. 1034, 119 S.Ct. 1286, 143 L.Ed.2d 378 (1999)). The fourth "fairness" element articulated by the Fifth Circuit recognizes the Supreme Court's recognition in *Allen* and *Parklane,* that fairness should be considered, particularly in requiring the party against whom the prior judgment is asserted to have had a full

and *fair* opportunity to litigate the issue in the earlier case before collateral estoppel can apply. FN4 *See* Allen, 449 U.S. at 95; *Parklane,* 439 U.S. at 331.

FN4. The *Winters* Court identified other factors that may prevent the application of collateral estoppel, such as whether the facts or law have changed since the prior judgment and whether differences the in the quality or extensiveness of the procedure followed in the two courts would make the application of collateral estoppel unfair. Winters, 149 F.3d at 391 n. 3.

2. Who is Precluded?

The general rule is that a person cannot be bound by a judgment in litigation to which he was not a party, even if all of the other preclusion requirements are met. Hansberry v. Lee, 311 U.S. 32, 40-41, 61 S.Ct. 115, 85 L.Ed. 22 (1940); 18A WRIGHT, MILLER AND COOPER, FEDERAL PRACTICE AND PROCEDURE s. 4448, at 327 (2d ed.2002). This rule is founded on the due-process guarantees of the Fifth and Fourteenth Amendments. Hansberry, 311 U.S. at 41. "Of course, these principles do not always require one to have been a party to a judgment in order to be bound by it. Most notably, there is an exception when it can be said that there is 'privity' between a party to the second case and a party who is bound by an earlier judgment.... [A]lthough there are clearly constitutional limits on the 'privity' exception, the term 'privity' is now used to describe various relationships between litigants that would not have come within the traditional definition of that term." Richards v. Jefferson Cty., Ala., 517 U.S. 793, 798, 116 S.Ct. 1761, 135 L.Ed.2d 76 (1996) (citing RESTATEMENT (SECOND) OF JUDGMENTS, ch. 4 (1982)).

The Fifth Circuit concurs: "At common law, this preclusive effect extended to persons 'in privity' with parties to the litigation. Privity is merely another way of saying that there is sufficient identity between parties to prior and subsequent suits for *res judicata* to apply. Unfortunately, privity has shown itself to be an elusive and manipulable concept; it is nothing more than a 'legal conclusion that the relationship between the one who is a party on the record and the non-party is sufficiently close to afford application of the principle of preclusion.' " Meza v. General Battery Corp., 908 F.2d 1262, 1266 (5th Cir.1990) (citations omitted). Wright, Miller, and Cooper recommend discarding the privity label or retaining it only as a "convenient means of expressing conclusions that are supported by independent analysis." 18A WRIGHT, MILLER AND COOPER, supra, s. 4448, at 327.

The Fifth Circuit articulates, "privity exists in just three, narrowly-defined circumstances: (1) where the non-party is the successor in interest to a party's interest in property; (2) where the non-party controlled the prior litigation; and (3) where the non-party's interests were adequately represented by a party to the original suit." Meza, 908 F.2d at 1266 (citing Howell Hydrocarbons, Inc. v. Adams, 897 F.2d 183, 188 (5th Cir.1990); Southwest Airlines v. Texas Int'l Airlines, 546 F.2d 84, 95 (5th Cir.1977)). The Restatement and Wright, Miller, and Cooper identify additional "privity" relationships that may justify preclusion. *See* RESTATEMENT (SECOND) OF JUDGMENTS s.s. 38-41, 43-61 (1982); 18A WRIGHT, MILLER AND COOPER, supra, s.s. 4450-4457. However, Watts asserts only the latter two of the three theories delineated by the *Meza* Court, so this Court need not address whether any alternative theories of "privity" may apply here.

The Fifth Circuit has determined that for a non-party to be collaterally estopped for controlling the previous litigation, the non-party must have had "effective choice as to the legal theories and proofs to be advanced" by the party to the action. Benson & Ford, Inc. v. Wanda Petroleum Co., 883 F.2d 1172, 1174 (5th Cir.1987)

(citation omitted). "Even a nonparty who was 'heavily involved' may remain free from preclusion. It is essential that the nonparty have *actual* control." *Id*. (emphasis added) (citations omitted). For the third, "virtual representation" theory to apply, the interests of the party to the first suit must be "so closely aligned with [the non-party's] interests as to be his virtual representative." *Id*. at 1175. In addition to a showing of parallel interests, there must also be "an express or implied legal relationship in which parties to the first suit are accountable to non-parties who file a subsequent suit raising identical issues." *Id*.

C. Patent Law

1. Inventorship

"In the United States, the person who first reduces an invention to practice is 'prima facie the first and true inventor.' " Mahurkar v. C.R. Bard, Inc., 79 F.3d 1572, 1577 (Fed.Cir.1996) (quoting Christie v. Seybold, 55 F. 69, 76 (6th Cir.1893). However, the person first to conceive of the invention, in a mental sense, "may date his patentable invention back to the time of its conception, if he connects the conception with its reduction to practice by reasonable diligence on his part, so that they are substantially one continuous act." *Id*. Thus, "[w]here a party is first to conceive but second to reduce to practice, that party must demonstrate reasonable diligence toward reduction to practice from a date just prior to the other party's conception to its reduction to practice." *Id*. at 1578 (citation omitted).

Conception occurs when an inventor has formed a definite and permanent idea of the complete and operative invention in his mind. *Id*. at 1577 (citations omitted). The idea must be "so clearly defined in the inventor's mind that only ordinary skill would be necessary to reduce the invention to practice, without extensive research or experimentation." *Id*. Following conception, "[t]o show actual reduction to practice, an inventor must demonstrate that the invention is suitable for its intended purpose." *Id*. at 1578 (citation omitted). The level of evidence required to show actual reduction to practice depends on the character of the invention and the problem it solves. *Id*. "[S]ome inventions are so simple and their purpose and efficacy so obvious that their complete construction is sufficient to demonstrate workability," although other more complicated inventions may require a showing of test results. *Id*. (citations omitted). An inventor's oral testimony of conception, actual reduction to practice, and diligence must be corroborated by additional evidence. *See* Woodland Trust v. Flowertree Nursery, 148 F.3d 1368, 1371 (Fed.Cir.1998) (noting that "corroboration of oral evidence of prior invention is the general rule in patent disputes" and providing factors to consider in assessing corroboration).

From these inventive concepts, it follows that a patent may be declared invalid for having been previously invented by another. *See* 35 U.S.C. s.s. 102(a), 102(g) (2006). Because each patent carries with it a presumption of validity, a party seeking to invalidate a patent must provide clear-and-convincing evidence of invalidity. Monsanto Co. v. Mycogen Plant Sci., Inc., 261 F.3d 1356, 1362 (Fed.Cir.2001). When a patent owner alleges infringement by a product that is determined to be prior art, the patent challenger's burden is met by the patent owner's allegations. *See* Evans Cooling Systems, Inc. v. General Motors Corp., 125 F.3d 1448, 1451 (Fed.Cir.1997).

2. Claim Definiteness

For a patent to be valid, its claims must be definite. The claim-definiteness requirement originates in statute:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming

the subject matter which the applicant regards as his invention.

35 U.S.C. s. 112 para. 2 (2006). This requirement "focuses on whether the claims, as interpreted in view of the written description, adequately perform their function of notifying the public of the [scope of the] patentee's right to exclude." S3 Inc. v. nVIDIA Corp., 259 F.3d 1364, 1371-72 (Fed.Cir.2001) (quoting Solomon v. Kimberly-Clark Corp., 216 F.3d 1372, 1379 (Fed.Cir.2000)). Claim definiteness is determined as a matter of law. Atmel Corp. v. Info. Storage Devices, Inc., 198 F.3d 1374, 1378 (Fed.Cir.1999). In fact, a legal determination of indefmiteness is "drawn from the court's performance of its duty as the construer of patent claims." Personalized Media Commc'ns, LLC v. International Trade Comm'n, 161 F.3d 696, 705 (Fed.Cir.1998). Should a claim be determined indefinite, it is invalid. Honeywell Int'l, Inc. v. International Trade Comm'n, 341 F.3d 1332, 1338 (Fed.Cir.2003) (citing Exxon Research & Eng'g v. United States, 265 F.3d 1371, 1375 (Fed.Cir.2001)).

However, each patent claim bears a presumption of validity, which may only be overcome with clear-and-convincing evidence. *See* National Presto Indus., Inc. v. West Bend Co., 76 F.3d 1185, 1189 (Fed.Cir.1996). To determine whether a claim is indefinite and therefore invalid, the court must determine whether those skilled in the art would understand what is claimed when the claim is read in light of the specification. Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F.2d 1565, 1576 (Fed.Cir.1986). The court is required to construe a claim to preserve its validity, when possible, but the court must not rewrite the claim. Honeywell, 341 F.3d at 1341 (citing Quantum Corp. v. Rodime, PLC, 65 F.3d 1577, 1584 (Fed.Cir.1995)). If the court determines that a claim is not "amenable to construction," then the claim is invalid as indefinite; however, a claim is indefinite only if it "is insolubly ambiguous, and no narrowing construction can properly be adopted." Exxon Research, 265 F.3d at 1375. Thus, a claim should be construed to preserve validity unless "after applying all the available tools of claim construction ... the claim is still ambiguous." Free Motion Fitness, Inc. v. Cybex Int'l, Inc., 423 F.3d 1343, 1349 n. 4 (Fed.Cir.2005) (quoting Phillips v. AWH Corp., 415 F.3d 1303, 1327 (Fed.Cir.2005)).

3. Claim Construction

"It is a 'bedrock principle' of patent law that the claims of a patent define the invention to which the patentee is entitled the right to exclude." Phillips, 415 F.3d at 1312 (citing Innova/Pure Water, Inc. v. Safari Water Filtration Sys., Inc., 381 F.3d 1111, 1115 (Fed.Cir.2004)) (internal quotation omitted). Claim construction is an issue of law for the court to decide. Markman v. Westview Instruments, Inc., 52 F.3d 967, 970-71, 979 (Fed.Cir.1995) (en banc), *aff'd,* 517 U.S. 370, 116 S.Ct. 1384, 134 L.Ed.2d 577 (1996).

When construing claims, there is a "heavy presumption in favor of the ordinary meaning of claim language." Johnson Worldwide Assocs. v. Zebco Corp., 175 F.3d 985, 989 (Fed.Cir.1999). The ordinary and customary meaning of a claim term is "the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention, i.e., as of the effective filing date of the patent application." Phillips, 415 F.3d at 1313. In some cases, the ordinary meaning of claim terms may be readily apparent; in such cases, the use of common dictionary meanings may be helpful. Id. at 1314. However, in many cases that give rise to litigation, the meaning of claim terms is not apparent; in such cases, the court should look to "the words of the claims themselves, the remainder of the specification, the prosecution history, and extrinsic evidence concerning relevant scientific principles, the meaning of technical terms, and the state of the art." *Id*. (quoting Innova, 381 F.3d at 1116).

Thus, to ascertain the meaning of a claim, the court looks first to the intrinsic record: the claim, the

remainder of the specification, and the prosecution history, if in the record. *Id*. at 1314-17. Next, if necessary, extrinsic evidence-all evidence external to the patent and prosecution history, which includes expert and inventor testimony, dictionaries, and treatises-may be used "to aid the court in coming to a correct conclusion as to the true meaning of the language employed" in the patent. Markman, 52 F.3d at 980 (quoting Seymour v. Osborne, 78 U.S. (11 Wall) 516, 546, 20 L.Ed. 33 (1871)). Although extrinsic evidence can be informative, it is "less significant than the intrinsic record in determining 'the legally operative meaning of claim language.' " Phillips, 415 F.3d at 1317 (quoting C.R. Bard, Inc. v. United States Surgical Corp., 388 F.3d 858, 862 (Fed.Cir.2004)).

An individual patent claim must be read in view of the entire patent specification because the specification is the "best source for understanding a technical term" used in the claims. Phillips, 415 F.3d at 1315. The patent specification, in addition to concluding with claims "particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention," must also contain a written description of the invention that enables one of ordinary skill in the art to make and use the invention. Markman, 52 F.3d at 978 (quoting 35 U.S.C. s. 112). The written description may act as a dictionary that explains the invention and may define terms used in claims; however, a "patentee is free to be his own lexicographer," as long as any special definition given to a word is clearly defined. *Id*. "[W]hen a patentee uses a claim term throughout the entire specification, in a manner consistent with only one meaning, he has defined that term by implication." Bell Atl. Network Servs., Inc. v. Covad Commc'ns Group, Inc., 262 F.3d 1258, 1271 (Fed.Cir.2001).

Although the written description may indicate that certain embodiments are preferred, particular embodiments should not be read into the claims when the claim language is broader than the embodiment. Electro Med. Sys., S.A. v. Cooper Life Scis., Inc., 34 F.3d 1048, 1054 (Fed.Cir.1994). Further, "case law is clear that an applicant is not required to describe in the specification every conceivable and possible future embodiment of his invention.... [I]n short, it is the claims that measure the invention, as informed by the specification." Rexnord Corp. v. Laitram Corp., 274 F.3d 1336, 1344 (Fed.Cir.2001).

Apart from the written description, the surrounding claim language may also inform the meaning of a particular claim term. Phillips, 415 F.3d at 1314. The context of a term within a given claim as well as the usage of a term across claims may be valuable sources in determining the meaning of a claim term. *Id*. (citing Vitronics Corp. v. Conceptronic, Inc., 90 F.3d 1576, 1582 (Fed.Cir.1996); Laitram Corp. v. Rexnord, Inc., 939 F.2d 1533, 1538 (Fed.Cir.1991)).

The prosecution history, where available, should also be used to inform claim construction. Graham v. John Deere Co., 383 U.S. 1, 33, 86 S.Ct. 684, 15 L.Ed.2d 545 (1966); Phillips, 415 F.3d at 1317 (citing Marknan, 52 F.3d at 980). The prosecution history includes the complete record of the proceedings before the PTO and it includes all of the prior art cited during examination of the patent application. Phillips, 415 F.3d at 1317 (citing Autogiro Co. of Am. v. United States, 181 Ct.Cl. 55, 384 F.2d 391, 399 (Ct.Cl.1967)). The prosecution history encapsulates the ongoing negotiation between the patentee and the PTO in attempting to obtain a patent, and it often lacks the clarity of the patent specification. *Id*. "Nonetheless, the prosecution history can often inform the meaning of the claim language by demonstrating how the inventor understood the invention and whether the inventor limited the invention in the course of prosecution, making the claim scope narrower than it would otherwise be." *Id*. (citing Vitronics, 90 F.3d at 1582-83).

III. DISCUSSION

A. Invalidity

XL and Grant contend that the '418 Patent is invalid, as a matter of law, because Watts has alleged infringement against a piece of prior art. That is, XL and Grant argue that the '418 Patent is invalid for prior invention because one of the groups of products accused of infringement, the TC-II connections, were invented before Watts's invention. XL and Grant submit evidence that the TC-II connections were conceived no later than September 10, 1992, and reduced to practice no later than October 24, 1992. Using the constructive reduction to practice date of the Watts connection, December 17, 1992, XL and Grant conclude that the TC-II connections were conceived and actually reduced to practice before the Watts connection, thereby making the ' 418 Patent invalid. XL and Grant similarly argue that the TC-II connections anticipate the '418 Patent. *See* 35 U.S.C. s. 102(a). Finally, XL and Grant argue that a marketing brochure, which illustrates the API 8-Round Thread Form and the Bestolife 2000 pipe dope in combination, anticipates the '418 Patent.

Watts responds with testimony of John Watts and corroborating evidence that the invention covered by the '418 Patent was conceived no later than January 22, 1992, and actually reduced to practice no later than October 22, 1992. Watts also offers evidence of reasonable diligence on the part of John Watts from January 22, 1992 through October 22, 1992. Given that Watts submits dates of conception and actual reduction to practice that predate those provided by Grant and XL for the TC-II connections, it is unclear why diligence is an issue. The reasonable-diligence requirement applies only to a party that conceives first but reduces to practice second.

Based on the evidence submitted by both parties, the Court finds a genuine issue of material fact exists as to whether the Watts connection or the TC-II connection(s) was invented-conceived and reduced to practice-first. Accordingly, summary judgment is inappropriate on the issue of whether the TC-II connections invalidate the '418 Patent.

Further, the Court finds XL and Grant's argument that the API 8-round thread form combined with the Bestolife 2000 pipe dope anticipates the '418 Patent is without merit. XL and Grant attempt to use testing data and marketing literature of Bestolife to show that the combination exists. However, XL and Grant fail to show how this marketing literature recites every element of claim 1 in the '418 Patent. XL and Grant attempt to use an isolated portion of John Watts's deposition from the prior litigation as an admission of anticipation by this combination, but John Watts's deposition clearly states in other portions that the 8-round connections being used when the '418 Patent application was filed had root/crest gaps that were so large that no pipe dope could correct. The Court also notes that this argument was made by XL in the previous litigation and was rejected at trial and on appeal. In sum, marketing literature merely showing the combination of Bestolife 2000 with 8-round connections, without reciting each and every limitation of claim 1, does not invalidate the '418 Patent. Accordingly, summary judgment is inappropriate.

B. Collateral Estoppel

1. Privity Theories

Watts asserts two different theories as to why Grant, a non-party to the previous litigation, should be collaterally estopped from seeking a new claim interpretation for the '418 Patent claims and from challenging the validity or enforceability of the '418 Patent: (1) XL virtually represented Grant, and (2) Grant controlled the previous litigation. In support of the virtual-representation theory, Watts relies on a Fifth Circuit case supporting privity under circumstances claimed to be almost identical to those of the

current case. *See* Astron Indus. Assocs., Inc. v. Chrysler Motors Corp., 405 F.2d 958 (5th Cir.1968). Sometime after Astron Industrial Associates ("Astron") acquired a subsidiary, its directors authorized the subsidiary to sue Chrysler Motors Corporation ("Chrysler") for misrepresentation and breach of contract. Id. at 959. About a year later, Astron filed a separate action against Chrysler for misrepresentation and breach of the same contract. Id. at 960, 962. The district court determined that Astron and its subsidiary were in privity during the previous litigation, which was settled in bankruptcy, finding that Astron completely controlled its subsidiary as its sole shareholder, and Astron's directors explicitly authorized the initial lawsuit with Chrysler. *Id*. The Fifth Circuit affirmed the district court's dismissal of Astron's suit against Chrysler based on the court's determination of substantial identity between Astron and its subsidiary, thereby precluding Astron from bringing a second suit against Chrysler on the same issues. *Id*. at 962.

Watts's reliance on *Astron* is misguided because *Astron* is factually disparate from the present action. In *Astron,* the parent owned *and operated* the subsidiary throughout the course of the litigation. Here, however, Grant did not acquire XL until April 2000, three years after the previous litigation was filed, and there is no evidence that Grant operated XL at any time during the previous litigation. The *Astron* court also relied on the fact that Astron controlled the litigation from the outset when its board of directors approved the initial lawsuit. Here, Grant had no involvement in the previous lawsuit at the outset and little involvement even after it acquired XL in April 2000. In an attempt to bring this case under *Astron,* Watts argues a number of facts to indicate that Grant controlled and operated XL. Watts argues that Grant controlled and operated XL because, after April 2000, (1) XL was accountable to Grant through reporting requirements, (2) Grant provided centralized services (including legal) to XL, (3) Grant had a credit line accessible by XL, and (4) Grant's general counsel directed XL to design around the '418 Patent. However, Watts fails to offer any evidence of actual control of XL.

The Court finds Watts's arguments regarding Grant's control and operation of XL unpersuasive. Importantly, each of the facts Watts argues shows Grant controlled and operated XL occurred after XL was acquired by Grant, which was more than three years after the previous litigation had begun. Even after April 2000, however, the Court is not convinced that the facts described by Watts are evidence of control and operation. In any corporate structure, there is likely to be some overlap of officers. Watts fails to offer any proof that this overlap of officers actually resulted in control and operation of XL by Grant. Providing centralized services to its subsidiaries and having a credit line which they can access, without more, similarly does not show that Grant controlled and operated XL. When the testimony of Grant's general counsel is analyzed in full, it is clear that XL and its own counsel handled the previous lawsuit exclusively up until April 2000, and that Grant's involvement was mostly passive after that time. The closest Watts can come to control is the fact that Grant's general counsel directed XL to attempt to design around the ' 418 Patent. However, the direction is little evidence of actual control and operation of XL by Grant. Further, the direction occurred well after the previous litigation had begun. Simply put, the evidence shows that Grant was involved in the previous lawsuit after it acquired XL, at the earliest, three years after the litigation had begun and after all discovery had been completed. Thus, the "express or implied legal relationship" between the party and nonparty through the course of the previous litigation, as required under *Benson,* is not present here. Accordingly, Grant was not virtually represented by XL in the previous litigation.

Watts also argues that XL was in privity with Grant because Grant controlled the previous litigation. Watts argues that Grant exercised control of the litigation when it began receiving reports from XL's trial counsel and approved legal bills by XL's trial counsel. Additionally, Watts argues Grant's control is evident by its general counsel attending the mediation of the previous litigation and by directing XL to design around the '418 Patent. Watts also asserts that Grant's general counsel was involved in discussions about whether to

appeal.

The Court finds Watts's arguments without merit. Any control over the previous litigation exercised by Grant can only have occurred well into the previous litigation as Grant acquired XL three years after the litigation had begun and after all discovery was completed. The record shows that XL initiated the previous litigation on its own accord, hired its own legal counsel, and pursued its own legal theories without being controlled by Grant. The evidence offered by Watts shows some involvement by Grant in the litigation, but it fails to show that Grant had "effective choice as to the legal theories and proofs to be advanced" as required by *Benson*. Accordingly, because Grant did not control the previous litigation, Grant is not collaterally estopped under the control theory.

2. Validity and Enforceability

After evaluating the record of the previous litigation, including the final judgment and appeal to the Federal Circuit, which affirmed, this Court has little difficulty concluding that the previous litigation resulted in a judgment on the merits, that the identical issue-the validity and enforceability of the '418 Patent-was litigated, and that the issue was necessary to the infringement verdict. The fourth, fairness element, however, is more difficult.

The parties argue at some length about whether Watts's assertion of collateral estoppel in this case is offensive. Watts argues that it is not technically offensive under *Parklane,* thereby making the "fairness" factor articulated by the *Winters* court inapplicable. XL and Grant argue that the use is offensive because two of the three plaintiffs in this case were not parties in the prior litigation.

Although there are two additional plaintiffs in this case, John D. Watts was the plaintiff in the prior lawsuit and not "another party" under *Parklane*. Further, one of the other two plaintiffs is the assignee of the '418 Patent and the other is a licensee of the '418 Patent, both privies of John D. Watts. Thus, it is not clear that any of the plaintiffs in this case would be considered "another party" under *Parklane*. On the other hand, Watts's assertion of collateral estoppel against Grant, a non-party to the prior suit, appears to be more akin to a "sword" than a "shield," especially in light of the fact that the allegedly-infringing product in this case was marketed and sold by Grant before the previous litigation was filed. Regardless, this Court need not determine whether offensive or defensive collateral estoppel is involved here because precedent illustrates that fairness is always an appropriate factor when considering collateral estoppel. *See* Allen, 449 U.S. at 95; Financial Acquisition, 440 F.3d at 284.

XL and Grant argue that XL should not be collaterally estopped because both the controlling facts and applicable law have changed since the prior lawsuit. Specifically, XL and Grant argue that the issuance of a design-around patent to XL is evidence that the '418 Patent is not infringed by the product accused in this case and that XL has now become aware of potential inequitable conduct by John Watts when prosecuting the '418 Patent. Finally, XL and Grant argue that the change in obviousness law after the previous judgment was rendered makes collateral estoppel inapplicable. *See* KSR Int'l Co. v. Teleflex, Inc., 550 U.S. 398, 127 S.Ct. 1727, 167 L.Ed.2d 705 (2007).

Watts responds that the controlling facts regarding the validity and enforceability of the '418 Patent have not changed since the previous litigation, and that the jury instruction in the previous litigation was not erroneous in light of the change in obviousness law because it did not make the obviousness inquiry exclusively dependent on the teaching-suggestion-motivation test.

The Court finds that the issuance of the design-around patent to XL is irrelevant as to the validity and enforceability of the '418 Patent. Similarly, the discovery of facts supporting a charge of inequitable conduct does not make collateral estoppel inapplicable because those same facts existed at the time of the previous litigation. The Court does find, however, that the change in obviousness law does impact the application of collateral estoppel in this case. The jury instruction in the previous litigation required that for the jury to find obviousness, it must find clear-and-convincing evidence of some teaching, suggestion, or incentive to combine the prior art. The Supreme Court, in *KSR,* clearly held that the teaching, suggestion, or motivation (TSM) test should not be the exclusive test for determining obviousness. *See KSR,* 127 S.Ct. At 1731-32. There is no way to determine how much weight the jury in the previous litigation placed on the TSM test as described in the jury instruction. The Court finds a sufficient change in the law of obviousness to permit XL to challenge the '418 Patent's validity in this case. However, XL's invalidity arguments in this litigation must be limited to obviousness; the door has not been opened to XL for all invalidity or enforceability arguments. *See* Amgen, Inc. v. Genetics Inst., Inc., 98 F.3d 1328, 1331-32 (Fed.Cir.1996) (determining that one possible ground for invalidity, lack of enablement, was an "issue" for collateral estoppel purposes).

Because the Court has determined that privity between XL and Grant has not been established, the previous litigation does not preclude Grant from contesting the validity or enforceability of the '418 Patent.

3. Claim Construction

Watts argues that the claim construction from the previous litigation should have preclusive effect on XL and Grant in the present litigation. Watts argues that whether any of the '418 Patent terms were disputed is irrelevant to the collateral-estoppel inquiry because the parties to the previous litigation had full and fair opportunity to dispute any pertinent terms.

XL and Grant, on the other hand, respond that because none of the ' 418 Patent claims were construed in the previous litigation, the claim-construction issue was not actually litigated. XL and Grant further contend that the construction of the terms presently being disputed were not necessary to resolve the previous infringement inquiry. XL and Grant also argue that the terms being disputed in this litigation were not disputed before, because Watts and XL agreed to meanings in the previous litigation that are now being repudiated by Watts. In sum, XL and Grant contend the lack of a dispute over the presently disputed terms in the previous litigation should not preclude their dispute in this litigation because (1) different products are being alleged to infringe and (2) Watts is now repudiating previously understood meanings of claim terms in order to obtain broader claim scope.

Although the product being alleged to infringe in this suit-the TC-II connection-is different from the product in the previous litigation, the same claim was at issue in both lawsuits. The fact that none of the '418 Patent claim terms were actually construed in the previous litigation is irrelevant as to whether the claim-construction issue was litigated. It is clear from the record that the previous court determined the meaning of claim 1 of the '418 Patent was clear on its face; further, XL had full and fair opportunity to dispute any terms of claim 1 that it felt were ambiguous. XL and Grant attempt to use testimony from the previous litigation to argue that Watts had previously agreed to meanings of the presently-disputed claim terms but now repudiates those meanings to seek broader claim scope. The Court finds this argument without merit. XL and Grant present no evidence of any agreement between the parties as to the meaning of any of the presently disputed claim terms. Additionally, the fact that XL challenged the claim construction on appeal also counsels against such agreement. Because claim construction is a matter of law that must be decided

before infringement can be determined, this Court concludes that the claim-construction issue was previously litigated, decided, and necessary to the judgment rendered.

Finally, the Court finds no fairness factors that prevent the application of collateral estoppel to XL. Accordingly, XL is bound by the claim construction of the previous litigation and cannot challenge it here. Because the Court has determined that XL and Grant were not privies during the previous ligitation, Grant is not precluded from challenging the meanings of the '418 Patent claims. Accordingly, the Court will construe the disputed claim terms.

C. Claim Construction

Five terms contained in claim 1 of the '418 Patent are disputed in the present case. For context, the entire claim is provided with each disputed element emphasized.

A threaded pipe connection for assembly with the use of pipe dope, the connection having box and pin members formed with mating pipe threads, the threads being formed with tension and compression flanks connected by crests and roots, the mating threads having an included angle between the flanks, comprising:

the pipe dope being a desired mixture of grease and solid particles suitable to lubricate and *seal* between the mating threads;

a *thickness of first dimension below which, the solid particles will not compress between the mating threads;*

a *thickness of second dimension above which, the solid particles will not seal between the mating threads;*

the mating threads being dimensioned and formed sufficiently complementary to each other such that at a position of full makeup of the connection, a *compacted solid particle thickness of first dimension beyond which the particles will not compress is wedged between mating flanks simultaneously* as a compacted solid particle thickness of third dimension intermediate in value to the first and the second dimensions, exists between the mating roots and crests, the third dimension being measured along a *bisector of the included angle*.

U.S. Patent No. 5,427,418, col.18, ll. 9-31 (filed Dec. 17, 1992) (emphasis added).

1. "seal"

XL and Grant argue that the term "seal" should be construed to mean: "to permanently and reliably prevent the flow of oil and gas solely by the use of thread compound between mating threads at pressures equal to or greater than the intended service pressure of the connection, but no less than 5,000 psi." XL and Grant base their construction on (1) the language in the specification and (2) the testimony of John Watts at the prior trial. First, XL and Grant argue that because the patent specification criticizes other sealing mechanisms, such as those found in "pin-nose" and "high-cost premium" connections, the claimed seal must be achieved solely through the use of thread compound between the mating threads. Additionally, XL and Grant argue that John Watts's testimony in the first litigation indicates that products utilizing a pin-nose seal do not infringe. Second, the '418 Patent seal must be permanent and reliable, argues XL and Grant, based on statements in the specification discussing the need for a "reliable permanent seal" and that the present invention will effect a "reliable long life seal between the threads." *See* U.S. Patent No. 5,427,418 col. 3, ll.

52-57, col. 17, l. 65-col. 18 l. 2. Third, XL and Grant argue that because the '418 specification clearly contemplates the use of the invention in hydrocarbon environments, the term "seal" must be construed to be effective against oil and gas. Fourth, because the Watts invention was intended for high pressures, as indicated by the preferred embodiment in the '418 Patent specification, XL and Grant argue that the term "seal" must also include the high pressure limitation.

Watts responds that the term "seal" is unambiguous and needs no construction. The term is common, easily understood, and was given no special definition by the inventor, contends Watts. In the event that the Court finds "seal" in need of construction, Watts offers the following construction: "to prevent fluid flow for the service intended." Responding to the XL and Grant arguments, Watts first contends that the '418 Patent specifically contemplates the use of the claimed invention in combination with pin-nose and other sealing mechanisms, in certain situations. Further, the testimony cited by XL and Grant was taken out of context, contends Watts, as the testimony later shows that John Watts did not intend to exclude connections from the '418 Patent that might also have pin-nose seals. Second, Watts argues that including the adjective "reliable" in the definition of seal would do nothing but inject uncertainty, and perhaps even indefiniteness as the meaning of reliable is not easily ascertained. Further, neither "reliable" nor "permanent" appear in claim 1, and although the terms are used in the specification, requiring permanence and reliability in every connection would alter the term "seal" from its use in the patent specification and its commonly understood meaning, namely that the meaning of "seal" depends on the service for which it is intended. Third, Watts argues that the "oil and gas" limitation is unwarranted because the claim never mentions either term, and the specification speaks of fluids and gases but in different contexts. Thus, Watts argues that the environment in which the connection is used dictates whether fluids, gases, or both flow through the pipe. Fourth, Watts argues that the absolute pressure limitation of 5,000 psi should not be included in the meaning of "seal" within claim 1 because (1) no such language exists in the claim and (2) the specification does not suggest such a limitation. Watts again argues that the pressure will depend on the service for which the connection is intended; therefore, including such a limitation in construing "seal" would be erroneous.

The Court finds XL and Grant's construction problematic and arguments in favor of it unpersuasive. Notably, XL and Grant do not argue that the term "seal" is indefinite. Thus, XL and Grant must agree that the term "seal" is amenable to construction. Yet, XL and Grant attempt to read several limitations into claim 1 under the guise of the word "seal." Neither the patent specification nor John Watts's testimony in the previous litigation justify reading "seal" in such a limiting way.

XL and Grant cite language in the patent specification that refers to a seal being either reliable, permanent, or both. However, there are other places in the specification where seals are discussed without using either modifying term. The fact that the term "seal" is modified with "reliable," "long-life," or "permanent" in some portions of the specification but not others and not in claim 1 indicates that the meaning of "seal" in claim 1 is used in its common and ordinary way and not with implied modifiers permanently or reliably as XL and Grant contend. XL and Grant also attempt to read an absolute service-pressure limitation into the meaning of "seal," but the '418 Patent specification clearly illustrates that the invention may be of use in different pressure conditions. Accordingly, the absolute service-pressure limitation requested by XL and Grant is improper. XL and Grant then argue that "seal" must be effective against "oil and gas." The claim language is silent about this term as is the specification. The specification notes that connections may be used for fluids or gases, but does not support the contention that claim 1 requires sealing against oil *and* gas simultaneously. Finally, XL and Grant impermissibly read the "solely by the use of thread compound between mating threads" limitation into claim 1. Although it is true that the '418 Patent specification does speak to the inadequacies of prior art sealing mechanisms, there is no reason to believe that the patented

connection *must* be used to the exclusion of other sealing mechanisms. Such language does not exist in the claims, nor does it exist in the specification. The specification merely points out deficiencies in certain situations for some prior art sealing mechanisms; nowhere does it state that the invention must be used to the exclusion of all other seals. In fact, the inventor clearly states in the specification that the claimed connection can be "used to advantage with other threaded connections without departing from the spirit of my invention." U.S. Patent No. 5,427,418 col. 16 ll. 34-37. Further, the claim language uses "comprising" which makes it an "open" claim-one that "will read on devices which add additional elements." *See* Stiftung v. Renishaw, 945 F.2d 1173, 1178 (Fed.Cir.1991). It is a fundamental tenet of patent law that "one cannot avoid infringement merely by adding elements if each element recited in the claims is found in the accused device." *Id*. Seemingly, XL and Grant invite the Court to instead add elements to claim 1 in the claim-construction process. The Court declines the invitation.

In sum, XL and Grant attempt to impermissibly add modifiers to the meaning of "seal" in claim 1 that are not present in the claim language and are contradictory to portions of the specification. The Court agrees with Watts that there is no evidence from the specification or the prosecution history that the meaning of "seal" in claim 1 differs from the common and ordinary meaning or that the modifiers suggested by XL and Grant should be read into claim 1.

The Court construes "seal" to mean **"a tight closure, as against the passage of materials for which the threaded pipe connection is intended."** The Court gleans this construction from the '418 Patent specification, which notes several different environments and situations in which pipe connections must "seal" to prevent leakage of materials that move through the pipe. The Court also relies on the common and ordinary meaning of the term "seal." *See* WEBSTER'S NEW WORLD DICTIONARY, THIRD COLLEGE EDITION 1210 (1988) (definition 4b-"a tight closure, as against the passage of air or water").FN5

FN5. The Court notes that the Webster's New World Dictionary, Third College Edition was the current edition when the '418 Patent was issued on June 27, 1995.

2. "thickness of first dimension below which, the solid particles will not compress between the mating threads"

XL and Grant first argue that this limitation is indefinite for having no support in the specification. In the alternative, XL and Grant argue that "first dimension" should be construed to be "0.0007 inches" because that is the only example given in the '418 Patent specification.

Watts responds that the claim means exactly what it says and that the best construction is to use the specific language of the term in the claim. Thus, Watts contends that the "thickness of first dimension" is "the dimension below which the solid particles in the dope will not compress between the mating threads in the given connection."

Based on the previous litigation and the '418 Patent specification, the Court finds that the "thickness of first dimension below which, the solid particles will not compress between the mating threads" is not indefinite. The claim and specification need not provide definiteness to a mathematical certainty; rather, all that is required is for an ordinary artisan to be able to determine the scope of the claim in light of the specification. *See* Orthokinetics, 806 F.2d at 1576-77 (holding that "so dimensioned" was not indefinite even though calculations must be made to determine claim scope). Additionally, the meaning of "first dimension" is

stated in the claim, which, unless amended during prosecution, is part of the patent specification. Further, XL and Grant offer a proposed construction, which they base on an embodiment contained within the '418 Patent specification. In sum, the Court finds, based on the evidence presented, that XL and Grant have not shown clear-and-convincing evidence that the claim is indefinite. The Court is convinced that a person skilled in the art can likely calculate the specified thickness when given all of the pertinent information as discussed in the '418 Patent specification.

The Court finds XL and Grant's proposed construction, in the alternative, problematic. The 0.0007 inch dimension is discussed in an embodiment in the specification. However, construing the claim 1 limitation to 0.0007 inches would effectively restrict the claim to API Dope although the patent specification specifically refers to the use of other pipe dope. Further, dependent claim 17 is specifically limited to API Dope. Reading the 0.0007 inch limitation into claim 1 would vitiate claim 17. The doctrine of claim differentiation indicates that the claims should be construed to have different meanings, if possible. *See, e.g.,* Transmatic, Inc. v. Gulton Indus., Inc., 53 F.3d 1270, 1277-78 (Fed.Cir.1995).

The Court construes "thickness of first dimension" to mean **"the thickness below which the solid particles will not compress between the mating threads."**

3. "thickness of second dimension above which, the solid particles will not seal between the mating threads"

XL and Grant argue that this limitation is either indefinite, not enabled, or should be construed to mean "0.006 inches" based on an embodiment discussed in the '418 Patent specification. XL and Grant first argue that the term is indefinite because the meaning of the term "second dimension" is not supported by the specification. Then XL and Grant say if it is definite, it is not enabled because the specification does not disclose the method of calculating the second dimension. Finally, XL and Grant argue that if the limitation is definite and enabled, then it should be construed to be "0.006 inches," the value of the second dimension discussed with one of the embodiments contained in the specification.

Watts responds to these arguments much the same as with the "first dimension" limitation discussed above. Namely, Watts responds that "second dimension" is defined in the claim itself and that is the proper construction. Watts also points to the deposition testimony of one of XL's engineers that discussed the comparable dimension contained in the XL design-around patent. Watts concludes, based on the specification, previous testimony by Mr. Watts, and testimony by one of XL's engineers in the previous lawsuit, that a skilled artisan would reasonably understand what is meant by "second dimension" in the '418 Patent.

The Court agrees with Watts, for substantially the reasons provided in discussing the "first dimension" limitation. The evidence offered by XL and Grant falls well below the clear-and-convincing standard required for a court to find a claim indefinite. The evidence also fails to clearly convince the Court that the claim is not enabled. Given the information contained in the ' 418 Patent combined with acquired expertise, a skilled artisan likely could make the invention without undue experimentation. Finally, it is improper to construe "second dimension" to cover only a single embodiment discussed in the patent, particularly when the specification includes alternative embodiments.

The Court construes "thickness of second dimension" to mean **"the thickness above which the solid particles will not seal between the mating threads."**

4. "compacted solid particle thickness of first dimension beyond which the particles will not compress is wedged between mating flanks simultaneously"

XL and Grant argue that this limitation is indefinite for being not being amenable to construction. In the alternative, XL and Grant argue that the limitation should be construed to mean "a 0.0007 inch layer of dope between the mating flanks and no metal-to-metal contact."

Watts responds first that the limitation means exactly what is says, but notes that the argued limitation may be confusing because it has been taken out of context. According to Watts, the limitation fully reads: "compacted solid particle thickness of first dimension beyond which the particles will not compress is wedged between mating flanks simultaneously as a compacted solid particle thickness of third dimension intermediate in value to the first and the second dimensions." Thus, Watts contends that the meaning of the limitation is clear once the full context is presented. As to the XL and Grant alternative argument, Watts responds that because neither the patent specification nor the claim language states that no metal-to-metal contact is permitted, including such a limitation in claim 1 would be erroneous.

The Court substantially agrees with Watts. XL and Grant once again argue that the limitation is not amenable to construction but then provide a construction taken from a specific embodiment in the patent specification. XL and Grant also rely on criticism of pin-nose seals in the patent specification that, according to XL and Grant, have metal-to-metal contact, to conclude that the patented invention must exclude all metal-to-metal contact. This inference is misguided. Criticizing pin-nose seals in the specification does not warrant reading the unstated "no metal-to-metal contact" limitation into claim 1. XL and Grant's reliance on the deposition testimony of John Watts from the previous litigation is similarly unavailing. In the cited testimony, John Watts never states that a device with metal-to-metal contact could not infringe. He also never states that his invention requires a 0.0007 inch layer of dope to remain between the flanks.

The Court construes "compacted solid particle thickness of first dimension is wedged between mating flanks" to mean **"compacted solid particle thickness of first dimension-the thickness below which the solid particles will not compress between the mating threads-is wedged between the mating flanks."** The Court concludes that the remainder of the disputed limitation, "simultaneously," more appropriately reads with the next part of the claim, which reads "as a compacted solid particle thickness of third dimension intermediate in value to the first and the second dimensions ...." It does not appear that XL and Grant dispute this latter portion of the quoted limitation, so the Court declines to construe it.

5. "bisector of the included angle"

XL and Grant argue that this limitation must not be negative; in fact, it must be no less that the formula which is given in the '418 Patent specification. Although this formula appears in the discussion of the preferred embodiment, XL and Grant argue that the formula instead represents the minimum theoretical angle that the inventor considered to be his invention.

Watts responds that the formula is not a theoretical minimum. Instead, contends Watts, the formula is merely the desired formula for the preferred embodiment. Further, responds Watts, claim 1 makes no mention of negative or hook angles on thread flanks; therefore, a positive limitation should not be read into claim 1. Watts also points out that because dependent claim 15 covers the preferred embodiment formula for calculating the bisector of the included angle, including the same limitation in claim 1 would render claim

15 superfluous.

The Court agrees with Watts. The formula is disclosed with the preferred embodiment and claimed in dependent claim 15. Thus, the meaning of the term in claim 1 must be different. There is no indication in the specification that the bisector must be positive other than the formula, which is disclosed with a particular embodiment and claimed separately.

The Court construes "bisector of the included angle" to mean "**bisector of the included angle, which need not be positive.**"

IV. CONCLUSION

IT IS ORDERED that John D. Watts, John D. Watts Family Limited Partnership, and Reliable Pipe Threads, LLC's Motion for Partial Summary Judgment that Defendants are Collaterally Estopped from Challenging Validity or Enforceability of the '418 Patent (Doc. # 64) is **GRANTED** as to XL Systems, L.P. on all issues of invalidity and enforceability of the '418 Patent other than obviousness and **DENIED** as to XL Systems, L.P. on the issue of obviousness and denied as to Grant Prideco, Inc. *in toto*.

IT IS FURTHER ORDERED that XL Systems, L.P., and Grant Prideco, Inc.'s Motion for Summary Judgment (Doc. # 70) is **DENIED.**

IT IS FURTHER ORDERED that John D. Watts, John D. Watts Family Limited Partnership, and Reliable Pipe Threads, LLC's Motion for Partial Summary Judgment that Defendants are Collaterally Estopped from Seeking a New Interpretation of the Claims of the '418 Patent (Doc. # 66) is **GRANTED** as to XL Systems, L.P. and **DENIED** as to Grant Prideco, Inc.

IT IS FINALLY ORDERED that as to Grant Prideco, Inc., the disputed claim terms of the '418 Patent be construed as noted herein. Based on the previous litigation, XL Systems, L.P. is collaterally estopped from seeking a claim interpretation different from that previously decided, namely that claim 1 is unambiguous and no construction is necessary.

SIGNED this *1st* day of July, 2008.

W.D.Tex.,2008.
Watts v. XL Systems, L.P.

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