AMERICAN STANDARD

244 F. Supp.2d 990 (2002) | Cited 0 times | W.D. Wisconsin | December 20, 2002

MEMORANDUM AND ORDER

Plaintiffs American Standard, Inc. and American StandardInternational, Inc. commenced this action for patent infringementalleging that defendants York International Corporation and YorkInternational, S.A. de C.V. infringed United States Patents Nos.5,067,560 (the '560 patent) and 4,715,190 (the '190 patent). The juryfound that claim 10 of the '190 patent was literally infringed butinvalid because of anticipation under 35 U.S.C. § 102. Prior to trialthe Court held claims 9, 10 and 15 of the '560 patent invalid asanticipated. The jury found claims 6 and 16 of the '560 patent notinfringed and invalid for a number of reasons. Judgment was entered onthe jury's verdict.

Before the Court are renewed motions by the parties for judgment as amatter of law pursuant to Rule 50 as well as defendants' request forsanctions pursuant to Rule 11, Federal Rules of Civil Procedure, andattorney's fees pursuant to 35 U.S.C. § 285.

MEMORANDUM

In a renewed Rule 50 motion upon an issue already determined by thejury, "the district court must determine whether there exists evidence ofrecord upon which [the] jury might properly have returned a verdict in[the non-movant's] favor when the correct legal standard is applied."Markman v. Westview Instruments, Inc., 52 F.3d 967, 975 (Fed. Cir.1995). The standard for Rule 50(a) determinations is the same as that forsummary judgment pursuant to Rule 56. See Anderson v. Liberty Lobby,Inc., 477 U.S. 242, 250, 106 S.Ct. 2505, 2511, 91 L.Ed.2d 202 (1986).Accordingly, a movant may prevail on a renewed Rule 50 motion if aftertaking all inferences in favor of the non-movant no reasonablefact-finder could find for the non-movant. See id.

Among defendants' post-verdict submissions is a renewed motion forjudgment that claims 6 and 16 of the '560 patent are obvious in light ofprior art. Plaintiffs do not contest any of defendants' motions insofar asthey address the '560 patent. Accordingly, the Court grants defendants'motion and declares claims 6 and 16 of the '560 patent obvious. "[A]disclosure that anticipates under § 102 also renders the claiminvalid under § 103, for `anticipation is the epitome ofobviousness.'" Connell v. Sears, Roebuck & Co., 722 F.2d 1542, 1548(Fed. Cir. 1983) (quoting In re Fracalossi, 681 F.2d 792 (Cust. &Pat.App. 1982)).

Validity of Claim 10 of the '190 Patent

Plaintiffs renew their motion under Rule 50(b) that claim 10 of the'190 patent is not invalid due to anticipation, arguing that defendantsfailed to offer a single piece of prior art that embodied all elements ofclaim 10. Defendants likewise renew their motion requesting that claim 10of the '190 patent be further declared invalid for obviousness pursuantto § 103. As a threshold matter, however, defendants challengeplaintiffs' renewed motion on procedural grounds, alleging that theirargument on the renewed motion exceeds the scope of the original motionand accordingly must be denied.

For procedural matters not unique to patent law, the Federal Circuitlooks to regional circuit law. See Wilson Sporting Goods v. DavidGeoffrey & Assoc., 904 F.2d 677, 683 (Fed. Cir. 1990)(applying fourth circuit law for determining whether initial Rule 50motion was made with sufficient specificity); Moxness Prods., Inc. v.Xomed, Inc., 891 F.2d 890, 892 (Fed. Cir. 1989). Rule 50(a) requires themoving party to "specify the judgment sought and the law and the facts onwhich the moving party is entitled to the judgment." Specificity isdemanded for two reasons: to maintain the integrity of the SeventhAmendment guaranty of a trial by jury, and more pertinent to thisaction, to provide the non-movant with a chance to remedy anydeficiencies in its case. See Benson v. Allphin, 786 F.2d 268, 273-74(7th Cir. 1986). Thus, whether the grounds asserted on a renewed Rule 50motion were sufficiently raised initially during the trial depends onwhether the non-movant was made aware of those grounds and provided withan opportunity to address them. See Parts and Elec. Motors v. SterlingElec. Inc., 826 F.2d 712, 716 (7th Cir. 1987).

Plaintiffs initially requested a directed verdict of no anticipation onthe ground that no witness identified any single prior art reference thatcontained all elements of claim 10 of the '190 patent. On their renewedmotion plaintiffs elaborate on this point by suggesting that the jury didnot fully understand the Court's claim construction presented in the juryinstructions and applied it incorrectly when they considered claim 10 inlight of defendants' proffered evidence. This argument simply elaboratesupon their initial motion that no one piece of prior art anticipates claim10 of the '190 patent. Unlike defendant's motion in Sterling Electric,this argument does not advance a novel theory of the case that wouldresult in presentation of different evidence such that defendants weresomehow prejudiced.

However, plaintiffs do stray from their initial motion by now arguingthat claim 10 requires the presence of a specifically programmedmicroprocessor. Plaintiffs never brought this to the jury's attention,nor seek to include it in the jury instructions or argue it to theCourt. Insofar as plaintiffs suggest limiting claim 10's construction toa microprocessor specifically programmed with a controlling algorithm,plaintiffs have waived this argument. See Interactive Gift Exp., Inc. v.Compuserve Inc., 256 F.3d 1323, 1346 (Fed. Cir. 2001) (notingappropriateness of waiver when the scope of claim construction ischanged). To hold otherwise would unfairly prejudice defendants becausethey were not given the opportunity to address the matter. Accordingly,the jury was entitled to consider solid-state controls present in theprior art as equivalents to the microprocessor disclosed in the '190patent specification.

Having disposed of defendants' procedural objections, the merits of theparties' motions are now addressed. Section 102 governs anticipation andprovides that a patent is invalid if it is either known, used, or patentedor described in a publication in this or a foreign country.35 U.S.C. § 102(a), (b). Prior art anticipates only when it disclosesevery element of a patent claim sufficiently to enable a person skilledin the relevant art to construct the patented invention without undueexperimentation. See In re Paulsen, 30 F.3d 1475, 1478-79 (Fed. Cir.1994); Helifix Ltd. v. Blok-Lok, Ltd., 208 F.3d 1339, 1348 (Fed. Cir.2000). Although a patent is presumed valid, this presumption may beovercome by clear and convincing evidence of anticipation. Helifix, 208F.3d at 1346.

Claim 10 of the '190 patent reads:

10. In a temperature conditioning system for conditioning a fluid to a setpoint temperature, a control for modulating the capacity of the system to maintain the temperature of the fluid at the setpoint unless an operating parameter is near a limit which would cause a protective shutdown of the system to avoid catastrophic failure and possible damage, said control comprising

a. means for sensing the condition of the operating parameter;

b. means for selecting the limit for the operating parameter; and

c. control means responsive to the sensing means, for determining the deviation of the operating parameter from its limit, and if the deviation is within a predefined increment, modulating the capacity of the system as a function of the deviation rather than to maintain the fluid at its setpoint temperature.

Where, as here, the claim is written in means plus function form the"claim shall be construed to cover the corresponding structure,material, or acts described in the specification and equivalentsthereof." 35 U.S.C. § 112 ¶ 6.

[T]he scope of such a claim is not limitless, but is confined to structures expressly disclosed in the specification and corresponding equivalents. Thus, the statutory provision prevents an overly broad claim construction by requiring reference to the specification, and at the same time precludes an overly narrow construction that would restrict coverage solely to those means expressly disclosed in the specification.

Symbol Technologies, Inc. v. Opticon, Inc., 935 F.2d 1569, 1575 (Fed.Cir. 1991). In construing a means plus function claim the Court mustfirst identify the structure corresponding to the means located in thespecification, then must further ask whether a person having ordinaryskill in the relevant art would so identify the structure. See AtmelCorp. v. Information Storage Devices, Inc., 198 F.3d 1374, 138182 (Fed.Cir. 1999). Both parties address two items of prior art: the U-1control, which was produced by plaintiffs in the early 80's, and theCarrier control, also produced in the early 80's.

Plaintiffs argue that the U-1 control lacks two elements of claim 10: asensed limit beyond which a chiller would suffer catastrophic failure anda microprocessor programmed with the protective algorithms. The U-1control, plaintiffs maintain, is not a true protective control as theelectrical current limit that it recognizes is simply to keep powerconsumption down rather than to prevent catastrophic failure of thecompressor motor. Additionally, it uses a solid-state implementation asopposed to the microprocessor disclosed in the '190 specification.Moreover, neither the U-1 nor Carrier control truly modulates capacity asa function of deviation according to the Court's claim construction,instead continuously reducing capacity once the limit is exceeded at somepoint.

The jury reasonably found the '190 patent invalid for anticipation. TheU-1 control, under the Court's claim interpretation, can reasonably beseen as disclosing all elements of claim 10 to a person skilled in therelevant art. As noted above, because plaintiffs waived theirspecially-programmed microprocessor limitation, it is reasonable toconclude that the U-1's solid-state control is equivalent to amicroprocessor. The current limit on the U-1 control reasonably meets theprotective limit element. The limit is user-adjustable up to 100% of thechiller capacity. By definition, exceeding 100% capacity comes near tothe point at which the system would be required to shut down to avoidcatastrophic failure. Furthermore, the '190 patent provides that theseprotective limits are user-adjustable. Finally, it is reasonable toconclude that the U-1 control modulates chiller capacity as a function ofdeviation from the current limit. Although the U-1 control decreasescapacity in a continuous fashion once thecurrent draw exceeds the limit, it modulates capacity in a fashionsimilar to the '190 patent's algorithm up to the limit. As the Courtdetermined in its Memorandum and Order dated June 26, 2002, the precisealgorithm need not be duplicated given the wide range of chillers towhich the '190 patent is potentially applicable. Accordingly, a controlsystem utilizing an algorithm that modulates capacity up to a set limitpoint, then reduces capacity on a continual basis until the limit point isno longer exceeded, can reasonably be viewed as disclosing the elementsof claim 10. Plaintiffs' renewed motion for a judgment as a matter of lawthat claim 10 of the '190 patent is not invalid for anticipation isdenied.

Even if the '190 patent were not anticipated it is clearly invalid asobvious. Section 103 provides:

[a] patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 . . . if the differences between the [invention] . . . and the prior art are such that the [invention] . . . would have been obvious at the time [it] . . . was made to a person having ordinary skill in the [relevant] art. . . .

To find an invention obvious, the prior art must supply some motivationfor or teach a person having ordinary skill in the relevant art tocombine the invalidating references. See In re Huston, 308 F.3d 1267,1280 (Fed. Cir. 2002). Additionally, secondary evidence ofnonobviousness, such as commercial success of the invention, theinvention's addressing long standing yet unsolved needs, and failure ofothers to come up with alternatives must be considered if present.[1]In re GPAC, Inc., 57 F.3d 1573, 1580 (Fed. Cir. 1995). For such evidenceto have substantial weight, a nexus between it and the

patented inventionmust be demonstrated. Id.

Claim 10 is clearly obvious in light of the trial evidence. Aspreviously explained the U-1 control discloses modulating capacity, asopposed to a continuous reduction, around a limit other than thetemperature set point. The Carrier control discloses both amicroprocessor as the main controller means and a reduction of capacity(although not necessarily in a modulating fashion) to protect a chillernear some design limit to prevent a catastrophic failure while continuingto keep the system running, as opposed to a complete system shutdown. Theusefulness of applying a microprocessor to solve a control problem isclearly taught. Indeed, plaintiffs point out that "Carrier utilized amicroprocessor merely to implement its own earlier designs. . . ."Plaintiffs' Resp. Br. (Obviousness) at 17. It is a simple and logicalstep to apply a microprocessor programmed to modulate capacity aroundsome designated point to the task of protecting a chiller fromcatastrophic failure while still allowing it to operate, albeit at areduced capacity, which is precisely what claim 10 discloses.

The evidence of secondary considerations do not change thisconclusion. Defendants correctly argue that plaintiffs failed toestablish a clear nexus between the commercial success of their chillersand the benefits of the '190 patent. Testimony given addressed thebenefits of both the '560 and '190 patents, and did not show the '190patent contributing significantly by itself to plaintiffs' success.Although defendants purchased one of plaintiffs' chillers that included acontrol covered by the '190 patent, plaintiffs failed to conclusivelyshow that defendants did anything more than study the design. Finally,plaintiffs fail to support their claim that others in the field of airconditioning have tried and failed to develop the '190 invention.Accordingly, secondary considerations do not overcome the Court'sconclusion that claim 10 of the '190 patent is obvious.

Infringement of the '190 Patent

The Court having upheld the jury's finding of invalidity of claim 10 ofthe '190 patent, defendants' renewed motion for judgment as a matter oflaw of noninfringement is moot. Likewise, defendants' renewed motion forjudgment as a matter of law of noninfringement of chillers made and soldoutside the United States, and plaintiffs' cross motion for adetermination of infringement under the doctrine of equivalents, issuesnot submitted to the jury, are denied as moot.

Defendants' Motions for Sanctions and Attorneys' Fees

Defendants seek attorneys' fees pursuant to both Rule 11 and35 U.S.C. § 285. Because the Court finds this an exceptional caseunder § 285 and because the award of fees pursuant to § 285 fullyencompasses and is broader than the sanctions sought under Rule 11, itdeclines to address the Rule 11 motion.

An exceptional case finding is warranted because plaintiffs' claimsunder the '560 patent were unjustified and vexatious and becauseplaintiffs' tactics in discovery were dilatory, misleading and in badfaith.

Pursuant to § 285 "[t]he court in exceptional cases may awardreasonable attorney fees to the prevailing party." Whether a case isexceptional is a factual question defendants must prove by clear andconvincing evidence. See Interspiro USA Inc. v. Figgie Intern., Inc.,18 F.3d 927, 933 (Fed. Cir. 1994). Among the grounds appropriate forfinding a case exceptional are litigation misconduct and vexations,unjustified, and otherwise bad faith litigation. Epcon Gas Sys. Inc. v.Bauer Compressors, Inc., 279 F.3d 1022, 1034 (Fed. Cir. 2002). Moreover,"[l]itigation misconduct and unprofessional behavior . . . may suffice,by themselves, to make a case exceptional." Id.

Plaintiffs obviously failed to undertake a reasonable investigation oftheir claims for infringement of the '560 patent. Their positionregarding the definition of the various asserted claims of the '560patent throughout trial hinged upon "impinging airflows." To sustain suchan infringement claim plaintiffs were required to have at least done sometype of modeling to determine the interaction of airflows in defendants'accused chillers. This they did — several months after filingsuit. Plaintiffs' corporate representative testified that only a visualinspection and possibly measurement of coil spacing was performed priorto filing suit. While the Court does not speculate upon the extent oftesting which would constitute a reasonable investigation, clearly thecursory examination plaintiffs conducted fails to pass muster.Furthermore, considering the jury verdict finding both noninfringementand invalidity for a number of reasonable grounds along with plaintiffs'midstream switch in asserted claims without a corresponding change intheir proffered claim construction, inexorably leads to the conclusionthat plaintiffs' motivation for bringing claims of infringement of the'560 patent was to substantially inconvenience and thwart thedefendants. There was no basis in fact for their suit insofar as itconcerns the '560 patent.

Additionally the dilatory tactics in which plaintiffs engagedthroughout this action, renders this an exceptional case. Plaintiffs havecontinuously been less than responsive to discovery requests. Theirletter concerning document production dated February 18, 2002 ismisleading, detracting from the potential relevance of the CDROMliterature that plaintiffs possessed. If the documents were relevant,albeit cumulative, they should have provided the materials to defendantspursuant to the discovery order. The relevance of the CDROM materials waslater confirmed in plaintiffs' characterization of their down-playedoffer as a missed opportunity for document review. Shortly before trialand after close of discovery plaintiffs produced a number of boxes ofpotentially relevant prior art. Considering the fact that plaintiffs havean entire library devoted to technical literature as well as facilitiesfor creating indexed and searchable databases, this inexcusable lateproduction can only be viewed as an attempt to thwart defendants' effortsto litigate and prevent them from presenting a coherent and well-preparedcase.

Based on plaintiffs' evasive discovery behavior and the unmeritoriousnature of their '560 claims, the Court concludes that plaintiffs'litigation tactics were in bad faith to force defendants into settlementand away from their legitimate defenses. Accordingly, defendants' motionfor a declaration of an exceptional case and request for attorneys' feeswill be granted.

ORDER

IT IS ORDERED that defendants' renewed motions for a determination thatclaims 6 and 16 of the '560 patent and claim 10 of the '190 patent areinvalid for obviousness are GRANTED.

IT IS FURTHER ORDERED that plaintiffs' renewed motion for adetermination that claim 10 of the '190 patent is not invalid foranticipation is DENIED.

IT IS FURTHER ORDERED that defendants' and plaintiffs' motions fordeterminations of infringement or non-infringement of claim 10 of the'190 patent are DENIED as moot.

IT IS FURTHER ORDERED that this is an exceptional case pursuant to35 U.S.C. § 285 and defendants' motion for reasonable attorneys' feesis GRANTED.

IT IS FURTHER ORDERED that defendants have thirty (30) days from thedate of this order to file a detailed accounting and justification oftheir requested fees, plaintiffs have twenty (20) days thereafter torespond, and defendants have ten (10) days from receipt to reply.

IT IS FURTHER ORDERED that judgment be amended to include claims 9, 10and 15 of the '560 patent found invalid on summary judgment and toinclude the award of attorneys' fees.

1. Defendants cite to Dow Chemical Co. v. Halliburton Oil WellCementing Co., 324 U.S. 320, 65 S.Ct. 647, 89 L.Ed. 973 (1945) for theproposition that secondary considerations are only relevant andaccordingly should only be considered in close cases where obviousness isnot apparent. Even if this was considered a clear case of obviousness,the Federal Circuit has since held, where a district court failed toconsider secondary evidence in what it determined was a clear case ofobviousness, that "[i]t is jurisprudentially inappropriate to disregardany relevant evidence on any issue in any case, patent cases included. . . . [Secondary considerations] must always when present be considereden route to a determination of obviousness." Stratoflex, Inc. v.Aeroquip Corp., 713 F.2d 1530, 1538 (Fed. Cir. 1983).The Supreme Court has yet to revisit the issue, and Dow Chemical isbest viewed as commenting upon the relative weight secondary considerationsshould be given in clear cases of obviousness rather than requiring theirtotal disregard.