



Federal Circuit Review

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Cancellation of Claims by PTO Binding on District Court

In *Fresenius USA, Inc. v. Baxter International, Inc.*, Appeal No. 12-1334, the Federal Circuit vacated and remanded the district court's judgment holding Fresenius liable for infringement.

The issues addressed in this case are: 1) when cancellation of claims by the PTO is binding in a district court case, and 2) what constitutes final judgment under *res judicata*.

Fresenius filed a declaratory judgment suit for invalidity and non-infringement with respect to Baxter's patent. Baxter counterclaimed for infringement. During the pendency of the litigation, Fresenius requested an *ex parte* reexamination of the patent. The district court declined to stay the litigation despite recognizing that the PTO's decision could moot the issues. After claim construction, Fresenius stipulated to infringement. After a jury verdict of invalidity, the district court granted Baxter's motion for JMOL that Fresenius had provided insufficient evidence to support a finding that the patent would have been obvious. The Federal Circuit affirmed the district court's JMOL ruling and remanded the case so that the district court could determine damages for infringement. The district court ordered Fresenius to pay pre- and post-judgment damages. Fresenius appealed.

In the parallel reexamination proceeding, the PTO found the claims invalid for obviousness. The Board of Patent Appeals and Interferences affirmed the determination of invalidity. Baxter appealed to the Federal Circuit, which affirmed the invalidity determination. As a result, the PTO canceled the claims.

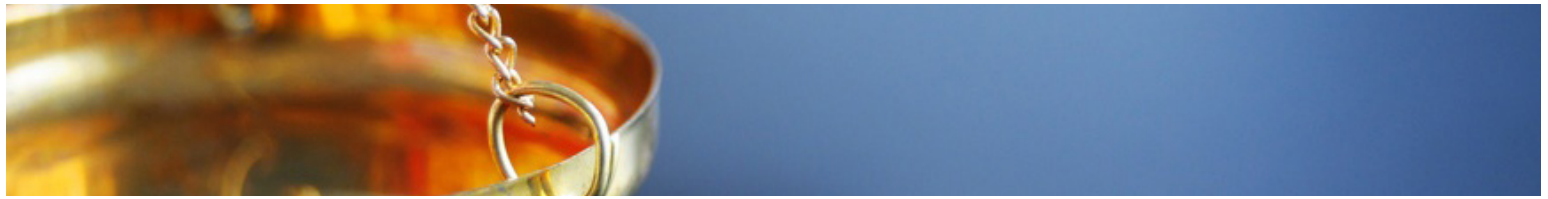
After affirming the PTO's finding of invalidity, the Federal Circuit addressed whether the cancellation of claims by the PTO was binding on the pending district court case. The Federal Circuit stated that, "if the PTO confirms the original claim in identical form, a suit based on that claim can continue, but if the original claim is cancelled or amended to cure invalidity, the patentee's cause of action is extinguished and the suit fails." Furthermore, the Federal Circuit found that *res judicata* did not apply in this case because the litigation was not "sufficiently final."

Claims Reciting Method Free of an Agent is Invalid Where Patent Does Not Mention Agent

In *re Bimeda Research & Development Ltd.*, Appeal No. 12-1420, the Federal Circuit affirmed the Board's decision

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that certain claims were invalid for failure to meet the written description requirement of 35 U.S.C. § 112, first paragraph.

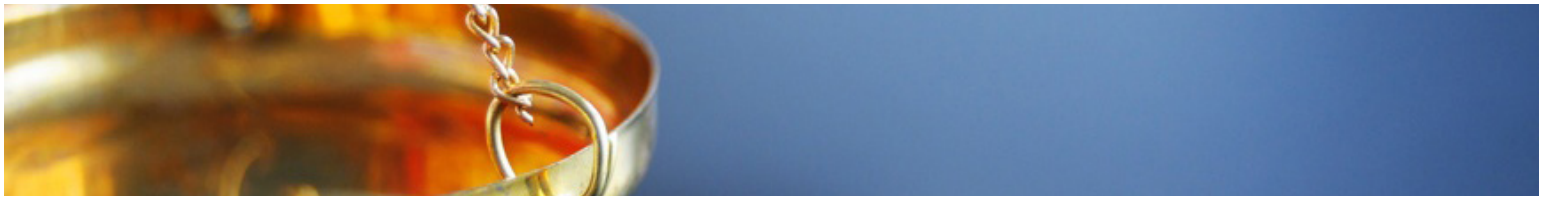
Bimeda filed a patent application directed at preventing inflammation of udder tissue in cows without requiring the use of antiinfectives or antibiotics. The Examiner rejected the set of claims directed to a method free of using a specific well-known antiinfective agent because the specific agent was not mentioned in the disclosure. Upon appeal, the Board affirmed.

The Federal Circuit affirmed. The Federal Circuit found there was sufficient evidence to support the decision that the disclosure did not “describe a formulation excluding a specific species of the anti-infective genus, while permitting others [other species] to be present.”

Defendant Did Not Have Proper Notice of Products Accused of Infringement

In *Charles Machine Works, Inc. v. Vermeer Manufacturing Co.*, Appeal No. 12-1578, the Federal Circuit vacated in part and remanded the district court’s judgment holding that Charles Machine Works (CMW) did not have sufficient notice that Vermeer Manufacturing Co.’s (Vermeer) prototypes were within the scope of the summary judgment decision. The Federal Circuit also affirmed the district court’s judgment that Vermeer was not liable for literal infringement, and reversed and remanded the district court’s judgment that there was no infringement under the doctrine of equivalents.

CMW accused Vermeer’s prototypes and commercial products of infringing its patent directed to a two-pipe drill for boring underground holes in the horizontal direction. The Federal Circuit vacated the grant of summary judgment of noninfringement by the prototypes for three reasons: (1) Vermeer titled its own moving papers and arguments with reference only to Vermeer’s **commercial** products and failed to address the prototypes, (2) Vermeer proposed final rulings that were limited to **commercial** products, and (3) Vermeer explained at the summary judgment hearing that its motion was limited to the **commercial** products.



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