PATTON BOGGS LLP

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Federal Circuit Vacates Summary Judgment for Non-infringement of Two Toshiba DVD Patents

Intellectual Property Client Alert

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In *Toshiba Corp.* v. *Imation Corp.*, No. 11-1204 (Fed. Cir. June 11, 2012) (here), the Federal Circuit vacated a summary judgment for non-infringement of the asserted claims of U.S. Patent Nos. 5,892,751 ("the '751 patent") and 5,831,966 ("the '966 Patent") because the existence of a substantial non-infringing use did not preclude a finding of inducement and limitations from a specification may not be read into the claims.

Toshiba owns the '751 and '966 patents related to optical disc technology. DVDs are optical discs used to store data or digital content, and are available in several formats, which are governed by technical standards that allow for compatibility among DVD players and recorders. Imation Corp. manufactures or sells recordable blank DVDs, which meet these standards that organize an optical disk into three areas: (1) a "lead-in area" that contains information about the DVD's structure and properties; (2) a "data area" where data is recorded and stored; and (3) a "lead-out area" which indicates the functional end of the data area. Toshiba filed suit against Imation in U.S. District Court for the Western District of Wisconsin for infringement of claims of the '751 and '966 patents. Imation moved for summary judgment that the company did not indirectly infringe the 751 and 966 patents. Judge Crocker granted summary judgment of non-infringement on both patents, holding that using a DVD without finalizing it was a substantial non-infringing use. The Court also construed claim 1 of the '966 patent to require that the identifying information in the "lead-in area" have the purpose of identifying information for the entire recording medium.

On appeal, the Federal Circuit held that for the '751 patent, the District Court erred as a matter of law because the existence of a substantial non-infringing use did not preclude a finding of inducement. The Federal Circuit also agreed with Toshiba that the District Court improperly read a purpose requirement to claim 1 of the '966 patent. The Court ruled that evidence that at least one person directly infringed an asserted claim may be used to establish inducement of infringement. Further, where an alleged infringer designs a product for use in an infringing way and instructs users to use the product in that way, there is sufficient evidence for a jury to find direct infringement. Here, every time a user used the disc-at-once mode to record data, the DVD infringes because the disc-at-once mode automatically writes the lead-in area with the test pattern, the data area and the lead-out area. The Federal Circuit held that this was sufficient evidence for a jury to conclude that at some time during the relevant time period, at least one person in the United States finalized a DVD or used the disc-at-once mode.

In reaching its decision on the '966 patent, the Federal Circuit further noted that Toshiba accused only single-sided, single-layer DVDs of infringing claim 1. The identifying information in an accused single-sided, single-layer DVD "represents" and "uniquely identifies" information as to the entire disc. The Federal Circuit also found that the language of claim 1 only required that the information "represents" the number of recording planes or "uniquely identifies" the recording plane, which are structural limitations. Absent disclaimer or lexicography, the plain meaning of the claim controls.

In dissent, Judge Dyk suggested that the claim constructions of the parties, the majority's construction, and the District Court's construction were all in error, and instead argued for a completely different construction. Judge Dyk wrote that the "number-of-recording planes" limitation in claim 1 of the '966 patent requires identifying both the number of disc sides and the number of layers per side because the references to disc sides in the specification and prosecution history show that an ordinary artisan would interpret "number-of-recording planes identifying information" to require identifying both the number of recording layers and the number of disc sides; the applicant equated a "recording plane" to "a side of the disc" to overcome a 35 U.S.C. § 112 rejection during prosecution; and the principles of claim differentiation do not support a different result because dependent claim 5 of the '966 patent narrows claim 1 by covering only embodiments with one layer per side. The majority disagreed with the dissent on the basis that the number-of-recording planes limitation in claim 1 only requires "information that represents the number of recording planes of the recording medium." A statement in the prosecution history can only amount to disclaimer if the applicant "clearly and unambiguously" disavowed claim scope, which was not the case here. The dissent incorrectly concludes that claim 5 narrows claim 1 by covering only embodiments with one layer per side.

Clients should ensure that all limitations for a claim be included in the limitations as courts will not read limitations in the specifications into the claims. Additionally, the decision reaffirms that evidence of designing a product for use in an infringing manner and instructing others to use the product in an infringing manner may be used as circumstantial evidence for a jury to find direct infringement.