

Keywords: Claim construction, “consisting of,” meaning required by specification, clear and convincing evidence of obviousness, prejudicial statement to the jury, 102(b) publication criteria, inequitable conduct, damages, reasonable royalty

Summary: In *Norian*, the Federal Circuit held that the claim term “consisting of” is not necessarily exclusive and that additional components irrelevant to the invention can be included in an accused product. The Court also held in *dicta* that misstatements made during prosecution are matters of unenforceability not invalidity and thus do not affect the presumption of validity of a patent. Further, the Federal Circuit held that for a publication to qualify as 102(b) prior art, there must be substantial evidence that the publication was publicly available.

Norian Corp. v. Stryker Corp.
70 U.S.P.Q.2d 1508 (Fed. Cir. 2004)
Decided April 6, 2004

I. Facts

Norian owns U.S. Patent 5,336,264 (the ‘264 patent) and 6,002,065 (the ‘065 patent). The ‘264 patent is directed to the repair of bones or teeth with certain rapidly setting calcium phosphate compositions. The ‘065 patent is directed to a kit containing ingredients that are combinable to produce the rapidly setting calcium phosphate composition.

From December 1998 until October 1999, Stryker sold a mixture of tetracalcium phosphate and dicalcium phosphate under the trade name BoneSource®. In October 1999, Stryker began to market a BoneSource® kit that contained the mixture of tetracalcium phosphate and dicalcium phosphate, along with instructions for combining the components and a spatula for mixing them together.

Norian filed suit against Stryker in January 2001, charging willful infringement of the ‘264 and the ‘065 patents. Stryker counterclaimed on the issues of invalidity, non-infringement, and unenforceability. On Stryker’s motion for summary judgment, the District Court held that Stryker did not infringe the ‘065 patent, because the claims used the transitional phrase “consisting of,” and Stryker’s product contained additional elements not recited in the claims. The District Court also held that if the claims of the ‘264 were valid, Stryker had induced infringement of the ‘264 patent, and that Norian’s patent attorney’s admission that he mischaracterized a reference during prosecution of the ‘264 and ‘065 patents was not inequitable conduct.

The District Court then construed the claims and left the remaining issues to the jury. During the course of the trial, the Judge allowed evidence of the patent attorney’s mischaracterization to be heard by the jury. After Norian presented their case, the Judge entered a judgment as a matter of law that Stryker had not acted willfully, because Norian had presented no evidence of willfulness.

The jury found that the claims at issue in the ‘264 patent were anticipated by a document called the 1991 IAGR Extended Abstract, that the claims in the ‘264 patent were obvious, and even if the ‘264 patent were valid, no damages should be payable. After the jury’s verdict, the District Court set aside the finding of anticipation, and denied Norian’s motion for a new trial based on what Norian considered to be the “prejudicial” statements made by its patent attorney. Specifically, Norian requested a new trial because the District Court judge had allowed the patent attorney’s admission that he had mischaracterized the prior art during prosecution to be admitted even though the District Court had ruled that this mistake did not rise to the level of inequitable conduct.

Norian appealed the finding of obviousness, the District Court's refusal to grant a new trial, the District Court's summary judgment of the non-infringement of the '065 patent, the willfulness determination, and the jury's damages decision. Stryker appealed the District Court's judgment as a matter of law that the 1991 IADR Extended Abstract did not anticipate the '264 patent.

II. Issues

1. Did the District Court properly construe the meanings of the claim term "phosphoric acid source"?
2. Could a reasonable jury have found facts sufficient to provide clear and convincing evidence of the obviousness of the '264 patent?
3. Was it proper for the District Court to deny Norian a new trial because of the statements of Norian's patent attorney?
4. Was it proper for the District Court to hold as a matter of law that IADR Extended Abstract did not anticipate the claims of the '264 patent?
5. Was it proper for the District Court to find that Norian had not committed inequitable conduct?
6. Was the District Court's summary judgment of non-infringement of the '065 patent correct?
7. Was it correct for the District Court to determine there was no willfulness as a matter of law?
8. Was the jury's finding of no damages proper?

III. Discussion

1. Yes. The only disputed claim term was "phosphoric acid source." Even though the most natural reading of the term "phosphoric acid source" is a source of phosphoric acid, the Federal Circuit agreed with the District Court that the specification of the '264 patent makes clear that the term "phosphoric acid source" means an "acidic neutralizing phosphate source." The Federal Circuit noted that the "meaning or technical term in a patent claim is determined in accordance with its usage in the specification, elaborated if appropriate by the prosecution history and with due consideration to usage in the field of the invention." As such, because there was no contradictory information in either the patent prosecution or the record, the Federal Circuit upheld the District Court's claim construction.
2. Yes. A reasonable jury could have found facts sufficient to provide clear and convincing evidence of the obviousness of the '264 patent. In particular, the Federal Circuit noted that because one of the references underpinning the obviousness rejection expressly discussed the other reference, a reasonable jury could have found that a person of ordinary skill in the art would have been motivated to combine the two references.
3. Yes. The District Court was correct in denying Norian's motion for a new trial based on the statements from its patent attorney. However, the Federal Circuit's decision on this point of error was procedural rather than substantive. The Federal Circuit noted that "the presumption of validity is not subject to being diluted by "procedural lapses" during prosecution, and

remarked that ‘flawed prosecution arguments do not effect patent validity, whether or not they raised questions of inequitable conduct.’ Because “the issue of validity does not warrant a finding of whether the examiner ‘really did understand what he was ruling,’” the Federal Circuit determined that the District Court erred in instructing the jury that the presumption of validity varied with “the jury’s view of whether the examiner believed the applicant’s misstatements or otherwise did not ‘properly focus on the prior art.’” However, the Federal Circuit noted that Norian did not properly preserve this point of error by objecting to the jury instruction. As such, the District Court’s ruling was proper.

4. Yes. The District Court’s judgment as a matter of law that the IADR Extended Abstract did not anticipate the ‘264 patent was correct. The Federal Circuit noted that even though the IADR Extended Abstract may have been disseminated at a conference more than a year prior to Norian’s filing, the lack of substantial evidence of the actual availability of the IADR Extended Abstract supported the District Court’s ruling. The Federal Circuit noted that under existing precedent, “dissemination and public accessibility are the keys to the legal determination whether a prior art reference was ‘published.’”
5. Yes. The Federal Circuit upheld the District Court’s determination that Norian had not committed inequitable conduct. The Court noted that inequitable conduct requires both materiality and deceptive intent to be established by clear and convincing evidence. Moreover, the Federal Circuit noted that finding inequitable conduct or the lack thereof is a decision within the discretion of the District Court. Because the District Court determined that the reference mischaracterized by Norian’s patent attorney had been “significantly and actively debated” during prosecution, the Federal Circuit upheld the District Court’s determination that deceptive intent had not been established by clear and convincing evidence.
6. No. The Federal Circuit held that the District Court’s interpretation of “consisting of” was too restrictive and overruled the District Court’s summary judgment of non-infringement. As stated above, the District Court held that the term “consisting of” meant that nothing could be included in a potentially infringing kit beyond what was claimed. As such, because the Stryker kit included a spatula, the District Court held that the claims of the ‘065 patent could not be infringed as a matter of law. The Federal Circuit disagreed and asserted that infringement is not avoided by the presence of a spatula, because “the spatula has no interaction with the chemicals and is irrelevant to the invention.”

It is important to note that Judge Schall dissented from this section of the decision. Judge Schall noted that the claims at issue in the ‘065 patent were directed towards a kit, not towards a chemical composition. Moreover, Judge Schall noted that prior precedent clearly established that “consisting of” limits all components not merely those deemed relevant to the invention. Further, Judge Schall also remarked that during the prosecution of the ‘065 patent, Norian had amended the claims from “comprising” to “consisting essentially of” to “consisting of.” As such, Judge Schall asserted that prosecution history estoppel should prevent Norian from receiving a more broad interpretation of “consisting of.”

7. Yes. The Federal Circuit upheld the District Court’s summary judgment that Stryker had not acted willfully. As stated above, Norian argued that willfulness could be found because Stryker had provided no evidence it had relied on an opinion of counsel that its activities were non-infringing. The Federal Circuit upheld the District Court’s ruling that Stryker had no burden to come forward with an exculpatory opinion unless Norian presented evidence of willfulness. Because Norian did not present any evidence of willfulness, the District Court’s ruling was correct.

8. No. The Federal Circuit ruled that the jury does not have the authority under 35 U.S.C. § 284 to find infringement and not award damages. The Federal Circuit noted that under 35 U.S.C. § 284, after a finding of infringement, the court **shall** award the claimant damages that are “in no event less than a reasonable royalty.” However, because the Federal Circuit affirmed the verdict of invalidity for the ‘264 patent, this issue was moot as to the ‘264 patent. However, damages could be awarded on remand of the revived ‘065 patent, if appropriate.