Keywords: Claim construction, deletion of material between a provisional application and a non-provisional application, collateral estoppel

General: The use of a term in an earlier application does not reinstate the term in a later application if the term is purposely deleted, even if the earlier application is incorporated by reference.

DDR Holdings, LLC v. Priceline.com LLC, Booking.com B.V.
United States Court of Appeals for the Federal Circuit
No. 2023-1176, 2023-1177
Decided December 9, 2024

I. Facts

DDR Holdings, LLC ("DDR") owns U.S. Patent No. 7,818,399 ("the '399 patent"), which is directed toward generating a composite web page that combines visual elements of a host web page with content from a merchant web page. Representative independent claim 1 is generally directed toward "a method of an outsource provider serving web pages offering commercial opportunities," in which a server of the outsource provider computer-generates and transmits to a web browser of an end user a composite web page including (1) "information associated with [a] *commerce object*," where the commerce object is associated with a buying opportunity of "a selected one of a plurality of *merchants*," and (2) a plurality of visually perceptible elements relating to pre-stored data associated with a source (or host) web page accessed by the end user via the web browser.

DDR sued Priceline.com and Booking.com B.V. (collectively, "Priceline") in 2017, alleging infringement of four patents, including the '399 patent. Priceline petitioned the Patent Trial and Appeal Board ("the Board") for *inter partes* review ("the IPR") of all four patents, and the parties stipulated to stay the district court proceedings pending resolution of the IPR. The Board found all challenged claims of three of the four patents to be unpatentable, but also found that the challenged claims of the '399 patent were not shown to be unpatentable. While the Board applied the "broadest reasonable interpretation" standard to construe "merchants" as "producers, distributors, or resellers of the goods *or services* to be sold," its patentability analysis did not turn on the meaning of "merchants."

The district court lifted the stay following the IPR and proceeded with claim construction for the '399 patent, where the parties disputed the construction of the claim terms "merchants" and "commerce object." DDR proposed that "merchants" be construed consistent with the Board's interpretation in the IPR, namely, as "producers, distributors, or resellers of the goods *or services* to be sold." Further, DDR proposed that "commerce object" be construed as "a product (goods *or services*), a product

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category, a catalog, or an indication that [a] product (goods *or services*), product category, or catalog should be chosen dynamically." In contrast, Priceline proposed excluding "or services" from the construction of "merchants" and "commerce object." The district court adopted Priceline's proposed construction of both terms on the grounds that the written description of the '399 patent treats "goods" and "products" interchangeably and distinguishes them from "services." Based on the district court's findings, the parties stipulated to non-infringement, the district court entered final judgment, and DDR appealed.

II. Issue

Did the district court err in its claim construction?

III. Discussion

No, the district court did not err in its claim construction of "merchants" and "commerce object." The Federal Circuit noted two exceptions to the general rule that "[c]laim terms are generally given their plain and ordinary meanings to one of ordinary skill in the art when read in the context of the specification and prosecution history." *Golden Bridge Tech., Inc. v. Apple Inc.*, 758 F.3d 1362, 1365 (Fed. Cir. 2014) (citing *Phillips v. AWH Corp.*, 415 F.3d 1303, 1313 (Fed. Cir. 2005) (en banc)). Specifically, the two exceptions include "1) when a patentee sets out a definition and acts as his own lexicographer, or 2) when the patentee disavows the full scope of a claim term either in the specification or during prosecution." *Id.* (quoting *Thorner v. Sony Comput. Ent. Am. LLC*, 669 F.3d 1362, 1365 (Fed. Cir. 2012)).

Here, the Federal Circuit focused primarily on the claim term "merchants," noting that the parties agreed that the construction of "commerce object" should adhere to the construction of "merchants." With respect to the construction of "merchants," the Federal Circuit noted that the parties' dispute hinged on a variance in disclosures made between the '399 patent's written description and a provisional application from which the '399 patent claimed priority. The provisional application is based primarily on a marketing document from a company called Nexchange, in which certain areas of the disclosure discuss merchants as producers of "goods" and certain other areas of the disclosure discuss merchants as producers of "products or services." In contrast, the specification of the '399 patent does not include a single reference to "services" in relation to a merchant, or any other disclosure analogous to the provisional application's disclosure that "merchants" include purveyors of "products or services."

DDR submitted three separate arguments regarding its position that "merchants" should be construed as meaning purveyors of "products or services." DDR argued that the '399 patent did not explicitly disclaim "or services" from the definition of "merchants," that any definitions from the provisional application are incorporated by reference in the '399 patent, and that Priceline is collaterally estopped from even suggesting that the nonprovisional application contains a definition because of the

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earlier findings of the Board under the "broadest reasonable interpretation" standard during the IPR. The Federal Circuit found each of these three arguments unpersuasive.

For example, the Federal Circuit disagreed with DDR's first argument that the '399 patent does not explicitly disclaim "or services," finding that the deletion between the provisional application and the '399 patent is significant insomuch as it relates to how a skilled artisan would read the claim term "in the context of the entire patent," including the specification and the prosecution history. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1313 (Fed. Cir. 2005) (en banc). That is, the Federal Circuit asserted that a skilled artisan would understand the deletion of "or services" to demonstrate a progression of the intended meaning of the claim term at issue.

Next, the Federal Circuit disagreed with DDR's second argument relating to incorporation by reference of the provisional application in the '399 patent, finding that "the disclosure of the host patent provides context to determine what impact, if any, a patent incorporated by reference will have on construction of the host patent claims." *Finjan LLC v. ESET, LLC*, 51 F.4th 1377, 1382 (Fed. Cir. 2022). That is, the Federal Circuit found, relying on *Finjan*, that "[t]he use of a restrictive term in an earlier application does not reinstate that term in a later patent that purposely deletes the term, even if the earlier patent is incorporated by reference." *Id.* at 1383 (citing *Modine Mfg. Co. v. U.S. Int'l Trade Comm'n*, 75 F.3d 1545, 1553 (Fed. Cir. 1996)).

Finally, the Federal Circuit disagreed with DDR's third argument relating to collateral estoppel, finding that DDR forfeited this argument by failing to raise it in its opening brief or the underlying district court proceedings. Further, the Federal Circuit found that, even if DDR had earlier raised the argument and maintained it on appeal, neither the district court nor the Federal Circuit is bound by the Board's construction under the broadest reasonable interpretation standard.

In disagreeing with each of the three arguments advanced by DDR, the Federal Circuit found that "merchants" as used in the claims means purveyors of products/goods, not services, and by extension, a "commerce object" does not include a service.

IV. Conclusion

The use of a term in an earlier application does not reinstate the term in a later application that purposely deletes the term, even if the earlier application is incorporated by reference in the later application.

V. Practice Tips

When converting from a provisional application, especially a quick provisional application that might rely directly on client-provided materials, be careful not to inadvertently exclude important or relevant information as exclusion could limit claim coverage.

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