

United States District Court,
N.D. Illinois.

AVERY DENNISON CORP,
Plaintiff.

v.

UCB FILMS PLC,
Defendant.

Sept. 4, 1997.

MEMORANDUM OPINION AND ORDER

GOTTSCHALL, District Judge.

This case is a consolidated action for patent infringement. Plaintiff Avery Dennison Corp. is a Delaware corporation with its principal place of business in Pasadena, California. Defendant UCB Films PLC is a foreign company with an office in Watford, Hertfordshire, United Kingdom. There are three patents at issue: U.S. Patent Nos. 4,946,532 ("the '532 patent"), 5,372,669 ("the '669 patent") and 4,713,273 ("the '273 patent"). The '532 patent includes 17 claims. Claims 1 and 14 are independent claims. Each of the other 15 claims are dependent, either directly or indirectly, on either claim 1 or claim 14. Claims 1, 3, 8, 9, 14 and 16 are asserted against UCB Films. The '669 patent includes 11 claims with claims 1 and 11 being independent. Each of the nine other claims are dependent, either directly or indirectly, on independent claim 1. Claims 1-3, 7-9 and 11 are asserted against UCB Films. The '273 patent includes seven "facestock" claims, three of which are asserted against UCB Films, specifically independent claim 19, and claims 20-21, which depend directly thereon.

Avery filed an action alleging that the acts of UCB SA and UCB Films constitute willful infringement, contributory infringement and inducement to infringe several claims in three patents for which it claims ownership. UCB Films' answer and consolidated declaratory judgment action assert invalidity, non-infringement and unenforceability of Avery's patents. Avery subsequently added a counterclaim for infringement against UCB Sidex. UCB SA and UCB Sidex have been dismissed from the case.

There are three fully briefed summary judgment motions relating to infringement pending in this case. On August 19, 1996, UCB Films filed a Motion for Summary Judgment of Noninfringement of U.S. Patent Nos. 4,946,532 and 5,372,669. On August 21, 1996, UCB Films filed a second Motion for Summary Judgment of Noninfringement relating to all three patents at issue. Finally, on March 24, 1997, Avery filed a Motion for Summary Judgment of Infringement relating to all three patents at issue. All three motions will be addressed in this opinion.

Summary judgment is appropriate pursuant to Fed.R.Civ.P. 56 if "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." The

moving party has the initial responsibility of demonstrating the absence of a genuine issue of material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986). In ruling on the motion, the court will not resolve factual disputes or weigh conflicting evidence. *Sweat v. Peabody Coal Co.*, 94 F.3d 301, 304 (7th Cir.1996). The evidence is considered in the light most favorable to the nonmovant and all justifiable inferences are resolved in the nonmovant's favor. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986). However, the nonmovant "must do more than simply show that there is some metaphysical doubt as to the material facts." *Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 586, 106 S.Ct. 1348, 89 L.Ed.2d 538 (1986). The nonmovant must produce "specific facts showing that there is a genuine issue for trial." Fed.R.Civ.P. 56(e).

I. Motion for Summary Judgment of Noninfringement of U.S. Patent Nos. 4,946,532 and 5,372,669 [150-1]

The motion for summary judgment [150-1] filed by UCB Films on August 19, 1997 can be addressed separately from the other two motions. Avery alleges that UCB Films is liable for direct infringement of the process patents, as well as inducement to infringe and contributory infringement. In its motion, UCB Films argues that it is not a direct infringer because neither it nor its wholly owned subsidiary, UCB Sidex, performs all of the limitations of the claim.

According to evidence presented, UCB Films purchases film products from its subsidiary in Great Britain and sells the products to customers in the United States some of which are generally referred to as "laminators." These laminators in turn may perform certain steps in the process and sell the resulting product to companies referred to as "converters." The converter companies may perform the remaining steps.

The parties sides have cited numerous cases which the court has reviewed. Avery has cited *FMC Corp. v. Up-Right Inc.*, 816 F.Supp. 1455 (N.D.Cal.1993), *aff'd* 21 F.3d 1073 (Fed.Cir.1994), for the proposition that "when infringement results from the participation and combined or successive action of several parties, those parties are joint infringers, and are jointly liable." *Id.* at 1461. Avery has also cited *Shields v. Haliburton Co.*, 493 F.Supp. 1376 (W.D.La.1980), *aff'd* 667 F.2d 1232 (5th Cir.1982), where the court stated that "[i]nfringement of a patented process or method cannot be avoided by having another perform one step of the process or method." *Id.* at 1389 (citation omitted). *See also* *Metal Film Co. v. Metlon Corp.*, 316 F.Supp. 96, 110 n. 12 (S.D.N.Y.1920) ("That defendants choose to have the vacuum metallizing, which was a conventional step ..., done by outside suppliers does not mitigate their infringement of the overall process."); *Crowell v. Baker Oil Tools, Inc.*, 143 F.2d 1003, 1004 (9th Cir.1944), *cert. denied*, 328 U.S. 760 (1944) ("It is obvious that one may infringe a patent if he employs an agent for that purpose or has the offending articles manufactured for him by an independent contractor."). *But see*, *Mobil Oil Corp. v. Filtrol Corp.*, 501 F.2d 282 (9th Cir.1974) ("We question whether a method claim can be infringed when two separate entities perform different operations and neither has control of the other's activities.").

UCB Films, in turn, has cited *Joy Technologies, Inc. v. Flakt, Inc.*, 6 F.3d 770 (Fed.Cir.1993), wherein the court addressed the issue of whether the sale of equipment to perform a patented process qualifies as direct infringement. The *Joy Technologies* court held that "[t]o hold that the sale of equipment which performs a patented process is itself a direct infringement would make that portion of section 271(c) relating to the sale of an apparatus for use in practicing a patented process meaningless." *Id.* at 774.

Subsequently, in *E.I. Dupont de Nemours and Co. v. Monsanto Co.*, 903 F.Supp. 680, 733-35 (D.Del.1995), *aff'd without addressing the issue*, 92 F.3d 1208 (Fed.Cir.1996), another court extended the reasoning of *Joy*

Technologies to circumstances factually similar to the instant case. *E.I. Dupont* was a consolidated action for patent infringement in which a two-phase, thirteen-day bench trial was held. In the second phase, Dupont alleged that BASF and Monsanto Company infringed a patent referred to as "the Anton patent." Dupont further alleged that BASF and Monsanto induced their common customer and indemnitee, CaMac Corporation, to infringe the Anton patent and that BASF's and Monsanto's infringement was willful. The technology at issue in the Anton patent was a process for manufacturing sulfonated, stain-resistant, solution dyed nylon fibers. BASF and Monsanto both practiced step (a) of the claimed process and sold the resulting copolymers to CaMac for manufacture of the infringing products. The *E.I. Dupont* court held that the direct infringer could only be CaMac, the party who bought the polymer and thereby essentially paid Monsanto and BASF to practice step (a) of the patented process. The *E.I. Dupont* court followed the reasoning of *Joy Technologies*, "that if Monsanto were liable as a direct infringer under s. 271(a) for making and selling a component of the claimed process, then s. 271(c) which imposes liability for 'sell[ing] a ... material ... for use in practicing a patented process' would be superfluous." *Id.* at 735.

The *E.I. Dupont* court further noted that in the cases cited by the parties, which are largely the same cases that have been cited by Avery and UCB Films in their briefs, no court has held that a party who performs on step of a patented process and then sells the resulting products to a direct infringer is liable itself as a direct infringer. *Id.* at 735. In *E.I. Dupont*, the only direct infringer was CaMac, who bought the polymers and used them to perform the remainder of the process claimed in the patent.

In this case, Avery is unable to show that UCB Films directly infringed either process patent. The process patents require completion of several steps. At its most basic level, the independent claims of the '532 patent require forming a facestock, combining the facestock with an adhesive layer, combining the facestock with a liner, die-cutting the facestock to form a label or sign, and stripping the matrix of excess facestock material. The independent claims of the '669 patent similarly require forming a facestock, combining the facestock with an adhesive layer, combining the facestock with a liner, die-cutting the facestock to form a label, and stripping the matrix of excess facestock material. At most, UCB is alleged to have performed an initial step of the process patents, i.e. forming the facestock, and then to have sold the resulting facestock to other entities in the United States.

Since UCB Films cannot be held liable for direct infringement, Avery must make a case for direct infringement against another entity in order to bring an action for inducement to infringe, s. 271(b), and contributory infringement, s. 271(c), against UCB Films. Liability for active inducement of infringement under s. 271(b) and for contributory infringement under s. 271(c) is dependent upon the existence of direct infringement. *Joy Technologies*, 6 F.3d at 774; *Porter v. Farmers Supply Service, Inc.*, 790 F.2d 882, 884 (Fed.Cir.1986). Although Avery has cited authority that "[p]roof of direct infringement does not require the participation at trial of, or prosecution of claims against" a direct infringer, Avery must nonetheless prove direct infringement in this case against some entity in order to succeed on an inducement or contributory claim. *Refac Intern. Ltd. v. IBM*, 798 F.2d 459, 460 (Fed.Cir.1986).

Under the theory of liability adopted by this court, the convertor companies are the only entities that this court could find to be direct infringers. Avery alleges that UCB Films sells a facestock product to companies called laminators, including Mactac and Flexcon, who are named in the briefs. These laminators appear to combine the facestock purchased from UCB Films with adhesives and liners, and thereby perform additional steps of the patented process. However, just as UCB Films is not a direct infringer, the evidence shows that the laminators do not complete the requisite steps to directly infringe the processes. Instead, the laminators sell their product to companies called converters who may perform the remaining step of the process.

Although Avery has not specifically identified any converters, it has provided evidence, through the deposition testimony of representatives of the laminators, that the converters buy a product from the laminators and die-cut the product, strip away the excess facestock, and print on the print receivable surface. If this sequence of events is true, the converters are potential direct infringers.

Sections 271(b) relating to inducement to infringe and 271(c) relating to contributory infringement state:

(b) Whoever actively induces infringement of a patent shall be liable as an infringer.

(c) Whoever offers to sell or sells within the United States or imports into the United States ... a material ... for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

Although Avery has provided no evidence that UCB Films has direct contact with a single converter company, UCB Films' apparent promotion of its film for use in label making is sufficient to preclude summary judgment on the issue of inducement. Additionally, UCB Films has not conclusively established that its film, which may ultimately be used as part of the practice of Avery's patented processes, is a staple article suitable for substantial noninfringing use. As a result, this court cannot grant summary judgment in UCB Films' favor on the issue of contributory infringement.

Therefore, UCB Films' motion for summary judgment [150-1] of non-infringement is granted in part and denied in part.

II. Motion for Summary Judgment of Non-Infringement [154-1] and Motion for Summary Judgment of Infringement [250-1]

The remaining two motions for summary judgment [154-1] and [250-1] address overlapping issues. Specifically, UCB Films' motion seeks a finding that it does not infringe any of the patents and Avery's motion seeks a finding of infringement as to claim 19 of the '293 patent. Title 35 U.S.C. s. 271(a) provides that "[W]hoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent." 35 U.S.C. s. 271. Determination of patent infringement is essentially a two-step process. The first step, claim construction or interpretation, is a question of law and requires the court to determine the meaning and scope of the patented claims alleged to be infringed. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, ----, 116 S.Ct. 1384, 1395, 134 L.Ed.2d 577 (1996). The second step is a question of fact and requires application of the construed claim to the infringed product or method. *Read Corp. v. Portec Inc.*, 970 F.2d 816, 821 (Fed.Cir.1992). A plaintiff must establish infringement by a preponderance of the evidence.

Claim construction has been analogized to statutory interpretation and requires the court to look first to three intrinsic sources of evidence: the claim, the specification and the prosecution history. *Id.* at 979, 987. First, a court must "look to the words of the claims themselves, both asserted and nonasserted, to define the scope of the patented invention." *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1582 (Fed.Cir.1996). Next, the court should review the specifications "to determine whether the inventor has used any terms in a manner inconsistent with their ordinary meaning." *Id.* The specification is considered "the single best guide to the meaning of a disputed term." *Id.* Third, the prosecution history is "often of critical significance" but it

cannot be used to vary the limitations in the claims. *Id.* Finally, the court may rely on extrinsic evidence if the intrinsic evidence is ambiguous in describing the scope of the patent. *Vitronics* at 1583. "Expert testimony, including evidence of how those skilled in the art would interpret the claims, may also be used" to assist the court in determine the true meaning of the claims. *Fonar Corp. v. Johnson & Johnson*, 821 F.2d 627 (Fed.Cir.1987).

The court heard oral argument on the issue of claim construction in order to better understand the extent of the parties' disagreement about the construction of the claims. During oral argument, both parties focused primarily on the '273 patent. Since neither party has distinguished the facestock claims of the '273 patent from the facestocks claimed as part of the process patents, the court's reasoning in this opinion regarding construction of the '273 patent should be considered applicable to the '532 and '669 patents.

When considering the claims, the "terms of a claim will be given their ordinary meaning, unless it appears that the inventor used them differently." *ZMI Corp. v. Cardia Resuscitator Corp.*, 844 F.2d 1576, 1579 (Fed.Cir.1988) (citation omitted). Claim 19 of the '273 patent provides:

19. A multilayer facestock for use in pressure-sensitive label, tape or sign applications comprising a coextrudate of cojoined layers comprising a relatively thick core or base layer of polymeric film material of a stiffness of between 10 and 100 Gurley and which contributes the majority of the dimensional stability and stiffness of labels or signs cut or formed the facestock, and at least one relatively thin skin layer, said skin layer being on the face side of the coextrudate and having an ink-printable surface, and a pressure-sensitive adhesive layer combined at the side of said coextrudate opposite said face side.

Claims 20 and 21 are dependant on claim 19 and necessarily incorporated by reference all the elements of claim 19. Claims 19-21 cover a plastic multilayer facestock or film. Claim 1 of the '532 patent provides:

1. A method of economically manufacturing die-cut labels or signs using roll or sheet facestock, comprising the steps of providing a plurality of at least two charges of film-forming resin, coextruding said charges to thereby form a construction in the form of a multilayer extrudate comprising a relatively thick core layer and at least one relatively thin skin layer, the former layer providing the majority of the dimensional stability and stiffness of the construction, preselecting the charge for said core layer, as by selection of density or flex modulus, to provide a degree of stiffness suitable for the label or sign application, preselecting the charge for said skin layer to provide a skin adapted to the intended decorating process, such as printability, or surface performance characteristics, such as weatherability of the facestock, and combining said extrudate with a pressure-sensitive adhesive layer to form label or sign facestock, combining said facestock with a liner, die-cutting said facestock to form a label or sign releasably adhered to said liner and surrounded by a matrix of excess facestock material to utilize non-tearing self-supporting properties of said material to pull said matrix away from the die-cut label or sign.

Claims 3 and 8 are dependent on claim 1 and claim 9 is dependent on claim 8. Claim 14 of the '532 patent provides:

14. A method of economically manufacturing die-cut labels or signs using roll or sheet facestock, comprising the steps of providing a plurality of at least two charges of film-forming resin, coextruding said charges to thereby form a construction in the form of a multilayer extrudate having a face side and a back side, said multilayer extrudate including stiffening layer means which contributes the majority of the stiffness of the construction, preselecting at least one of the charges, as by selection of density or flex

modulus, to provide said stiffening layers means with a degree of stiffness suitable for the label or sign application, and combining said multilayer extrudate with a pressure-sensitive adhesive layer and release liner to form lined label or sign facestock, die-cutting said facestock to form a label or sign releasably adhered to said liner and surrounded by a matrix of excess facestock material, and stripping said matrix of excess facestock material to utilize non-tearing self-supporting properties of said material to pull said matrix away from the die-cut label or sign.

Claim 16 is dependent on claim 14. Claim 1 of the '669 patent provides:

1. A method of economically manufacturing die-cut labels using roll or sheet facestock, comprising the steps of providing a plurality of at least two charges of film-forming resin, coextruding said charges to thereby form a construction in the form of a multilayer extrudate comprising a relatively thick core layer and at least one relatively thin skin layer, preselecting the charge for said core layer, as by selection of density or flex modulus, to provide said facestock with a degree of stiffness suitable for the label application, preselecting the charge for said skin layer to provide a skin adapted to the intended decorating process, or surface performance characteristics, of the facestock and combining said extrudate with a pressure-sensitive adhesive layer to form label facestock, combining said facestock with a liner, die-cutting said facestock to form a label releasably adhered to said liner and surrounded by a matrix of excess facestock material, and stripping said matrix of excess facestock material to utilize non-tearing self-supporting properties of said material to pull said matrix away from the die-cut label.

Claims 2, 3, 7, 8 and 9 are dependent on claim 1. Claim 11 of the '669 patent provides:

11. A method of economically manufacturing die-cut labels using roll or sheet facestock, comprising the steps of providing a plurality of at least two charges of film-forming resin, coextruding said charges to thereby form a construction in the form of a multilayer extrudate comprising a relatively thick core layer and at least one relatively thin skin layer, preselecting the charge for said core layer, as by selection of density or flex modulus, to provide said facestock with a suitable degree of stiffness and sufficient body and strength for the label application, preselecting the charge for said skin layer to provide a skin adapted to the intended decorating process, or surface performance characteristics, of the facestock, hot-stretching and combining said extrudate with a pressure-sensitive adhesive layer to form label facestock, combining said facestock with a liner, die-cutting said facestock to form a label, releasably adhered to said liner and surrounded by a matrix of excess facestock material, and stripping said matrix of excess facestock material to utilize non-tearing self-supporting properties of said material to pull said matrix away from the die-cut label.

The construction of the facestock claims' terms and phrases desired by the parties, especially "coextrudate of cojoined layers" and "comprising a relatively thick core or base layer," require the court to look beyond the language of the claims. To aid in construction of the claims, the court must look at the patent specifications. "The specification acts as a dictionary when it defines terms used in the claims or when it defines terms by implication." *Vitronics* at 1582. The patent inventor is his or her own "lexicographer." *ZMI* at 1580. Therefore, "the specification aids in ascertaining the scope and meaning of the language employed in the claims inasmuch as words must be used in the same way in both the claims and the specification." *Id.* (citation omitted).

The patent specifications for the '273 patent offer several illuminating claim descriptions. The specifications for the facestock offer two prototypical examples in Figures 5 and 6. The coextrudates in these examples

"comprise polymeric film materials, are formed by simultaneous extrusion from a suitable known type of coextrusion die, and are adhered to each other in a permanently combined state to provide a unitary coextrudate. Patent '273, Column 9, Lines 21-26. The elements of the facestock, as described in the specifications, are as follows: "a relatively thick core layer of polymeric film material ... having a cojoined, relatively thin, ink-printable skin layer at least at the face side of the construction, and having a pressure-sensitive adhesive layer combined at the sides of the construction opposite the face side." Patent '273, Column 10, Lines 59-66. The facestock is produced "by coextruding a plurality of at least two charges of film-forming resin to form a coextrudate having a relatively thick core layer and at least one relatively thin skin layer ... and combining the coextrudate with a pressure-sensitive adhesive layer." Patent '273, Column 10, Lines 67-68; Column 11, Lines 1-8.

The prosecution history of the patents provides similarly helpful evidence for this court. A patent's "prosecution history (or file wrapper) limits the interpretation of claims so as to exclude any interpretation that may have been disclaimed or disavowed during prosecution in order to obtain claim allowance." *Standard Oil Co. v. American Cyanamid Co.*, 774 F.2d 448, 452 (Fed.Cir.1985). The prosecution history reveals that in the application for the '273 patent, Serial No. 06/853,772, the inventor, Melvin S. Freedman, distinguished his facestock from a product which is "formed by adhering preformed layers." The patent examiner issued a restriction requirement on October 17, 1986 stating "the product as claimed can be made by a materially different process such as by adhering pre-formed layers." Def's Resp.Ex. W. In an amendment filed October 27, 1986, Freedman responded: "The process pointed out by the Examiner, namely adhering preformed layers, cannot be used to form the claimed coextrudate, since if the layers were preformed they would not have been coextruded and would not constitute a coextrudate as called for in [the] independent product claims." Def's Resp.Ex. X.

Based upon a review of the entirety of the patent, including the claim language, specifications and prosecution history, the court concludes that claims 19-21 of the '273 patent should be plainly construed to cover a coextrudate which is a facestock, or plastic film, formed solely by simultaneous, or joint, extrusion of several materials through a die. The immediate result of this simultaneous extrusion, or coextrusion, is a multilayer film wherein the layers are firmly adhered to one another in a permanently combined state, i.e., the patented coextrudate. A facestock formed by adhering preformed layers is not within the scope of claims 19-21 of the '273 patent. Further, in claim 19, the coextruded product must have (1) a thick core or base layer (within a stiffness of between 10 and 100 Gurley); (2) at least one thin ink-printable skin layer on the face side of the product; and (3) a pressure-sensitive adhesive layer on the side opposite the face side. In claim 20, the product is the same as in claim 19 with the addition of a second skin layer between the core or base layer and the adhesive layer. In claim 21, the product is the same as in claim 19 with the addition of a releasable liner on the adhesive.

The parties, especially UCB Films have also devoted substantial time to arguing that the phrase "core or base layer" in the claims must mean "core layer or base layer" (meaning the core must be made up of only one layer) and not, as Avery argues, "core" (which could have one or more layers) or "base layer." However, the court finds that the patent specifications, on which UCB Films primarily relies, use both the terms "core" (e.g. '273 Patent, Column 10, Line 46) and the phrase "core layer" (e.g. '273 Patent, Column 10, Line 60). This court is thus unwilling to apply UCB Films' reading to the claims and cannot find on the basis of this argument that the claims are limited to a core composed of a single layer.

As stated previously in this opinion, the court's construction of the claims of the '273 patent is largely applicable to the facestock portions of the process patents. In light of the above claim construction, this

court finds that there are disputed issues of material fact as to whether UCB Films infringed the patents and that infringement remains a question of fact to be submitted to a jury. The motions for summary judgment [154-1, 250-1] are therefore denied.

III. Conclusion

Accordingly, the motion for summary judgment of noninfringement of U.S. Patent Nos. 4,946,532 and 5,372,669 [150-1] is granted in part and denied in part. The motion for summary judgment of noninfringement [154-1] and the motion for summary judgment of infringement [250-1] are denied. Claims 19-21 of the '273 patent are specifically construed as outlined in this opinion. A status hearing is set for September 16, 1997 at 10:00 a.m.

N.D.Ill.,1997.

Avery Dennison Corp. v. UCB Films PLC.

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