

United States District Court,
E.D. Pennsylvania.

CHECKPOINT SYSTEMS, INC,
Plaintiff.

v.

ALL-TAG SECURITY S.A., et al,
Defendants.

Feb. 16, 2007.

Dennis R. Suplee, Robert A. McKinley, Thomas W. Hazlett, Schnader Harrison Segal and Lewis, L.L.P., Philadelphia, PA, for Plaintiff.

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AMENDED MEMORANDUM AND ORDER

PETRESE B. TUCKER, United States District Judge.

This is a patent case. This suit concerns a patent for disposable, deactivatable resonance labels for the retail industry.

In May 2001, Checkpoint filed this cause of action against All-Tag and its customer Sensormatic alleging that All-Tag and Sensormatic infringed the U.S. Patent No. 4,876,555 (the '555 patent). FN1 The patent in issue is a deactivatable resonance label, which is attached to goods for providing protection from theft in department stores, supermarkets, and the like. The primary user of the deactivatable resonance labels is the retail industry. At issue before the Court in this *Markman* process is the correct interpretation of the term "throughhole passing through the dielectric layer" (hereinafter "throughhole") as used in the claims of the '555 Patent.

FN1. Checkpoint owns the '555 patent by virtue of a series of assignments from the original owner of the '555 patent. Presently, Checkpoint does not manufacture or sell any product under the '555 patent.

I. BACKGROUND

A. Procedural Background

In April 2004, this Court granted summary judgment in favor of Defendants All-Tag and Sensormatic on the ground that the '555 Patent at issue in this patent infringement litigation was invalid because it incorrectly lists Paul R. Jorgenson as the sole inventor in violation of 35 U.S.C. s. 102(f).

On appeal to the Court of Appeals for the Federal Circuit, the Federal Circuit reversed the grant of summary judgment, finding that the issue of inventorship presents a genuine issue of material fact, and remanded to this Court to determine (1) whether the patent's inventorship is incorrect, and if so, (2) whether the patent may be corrected.

B. Factual Background

Checkpoint is a Pennsylvania corporation that manufactures and sells disposable, deactivatable, resonance labels for the retail industry to prevent the theft of merchandise. Defendant, All-Tag Security S.A., is a Belgium company in the same business of manufacturing and selling disposable, deactivatable resonance labels for the retail industry. FN2 Defendant, All-Tag Security Americas, is a subsidiary of All-Tag Security S.A.; Defendant Sensormatic Electronics, a Delaware corporation, is a customer of All-Tag Security S.A.

FN2. Defendant All-Tag is Checkpoint's only competitor for the manufacture of deactivatable resonance labels.

In the 1980s, Checkpoint contracted to supply resonance labels to a Swiss corporation called Actron, then managed and owned by Franz Pichl. In 1985, Pichl hired Lukas Geiges to work for Actron. This supply contract terminated in November 1986.

Pichl was also part owner of another Swiss company, Durgo, which was formed to supply resonance labels to Actron. Durgo filed a patent application for a resonance label in the Swiss Patent Office in 1987. This application was subsequently filed with the U.S. Patent and Trademark Office ("PTO") as the '468 application. The '468 application was assigned to Durgo and named Paul Jorgenson, an independent technical consultant, as the sole inventor.

On March 11, 1988 during prosecution of the application, Jorgenson filed a small entity declaration, entitling himself to reduced PTO fees, and identified himself as an independent inventor in the declaration.

Pichl and Geiges, who were associated at Durgo, filed a joint small entity declaration with the PTO also on March 11, 1988 and in connection with prosecution of the '468 application in which they stated that Jorgenson had assigned rights associated with the resonance label invention to Durgo through Pichl and Geiges.

Actron acquired Durgo in January 1989, along with Durgo's rights in the '468 application, which became the '555 Patent on October 24, 1989.

In February 1989, Pichl left Actron and formed All-Tag in 1991. He left All-Tag in 1997. Geiges remained at Actron until November 1993 before joining Checkpoint where he remained from April 1994 until 1998. Checkpoint acquired Actron and the '555 Patent in November 1995.

In May 2001, Checkpoint brought suit against All-Tag and Sensormatic for infringement of the '555 patent.

Per the Court's Order, the parties have submitted letters articulating their respective positions as to the proper interpretation of the claims of the ' 555 Patent. The principal issue now before the Court is the meaning of the word "throughhole" as used in the "'555 Patent." To that end, the parties also disagree as to the proper reading of the Federal Circuit's recent *en banc* decision in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed.Cir.2005). Specifically, there is disagreement as to the extent to which a court should rely on a patent's specifications and prosecution history, as opposed to an inventor's stated claims in determining the proper scope of the patent claim.

II. LEGAL STANDARD

A patent describes the scope and limits of an invention so as to alert the public to all that for which the patentee holds the exclusive rights, and all that which remains open to the public. *Markman*, 52 F.3d 967. A patent consists of the specification, which "should describe the invention in clear terms so that a person in the art of the patent may make and use the invention," as well as the claims, which "should 'particularly point[] out and distinctly claim[] the subject matter which the applicant regards as his invention.'" *Katz v. AT & T Corp.*, 63 F.Supp.2d 583, 589 (E.D.Pa.1999) (quoting 35 U.S.C. s. 112). The public record of the patent before the PTO, upon which the public is entitled to rely, also includes the prosecution history, which is the written record of the submissions of the patentee and the comments of the PTO. Together, the claims, specification, and prosecution history constitute the intrinsic evidence of the meaning of the claim terms, and as such are the most important sources for the meaning of claim terms. *See Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1582, 1583 (Fed.Cir.1996).

Claim construction "begins and ends in all cases with the actual words of the claim," which, absent a special definition spelled out in the specification or prosecution history by the patent applicant, are given their "ordinary and accustomed meaning." *Renishaw PLC v. Marposs Societa' per Azioni*, 158 F.3d 1243, 1248, 1249 (Fed.Cir.1998). The "ordinary" meaning is determined according to an objective standard: "[t]he focus is on the objective test of what one of ordinary skill in the art at the time of the invention would have understood the term to mean." *Markman*, 52 F.3d at 986. If the claim terms are ambiguous, courts look to the specification and prosecution history to resolve the ambiguities. *Id.* at 986.

Once the Court has determined the ordinary meaning of the claim terms, it must also consider the specification and, if it is in evidence, the prosecution history to determine whether the patentee provided a distinct definition for a term, or used any terms in a manner inconsistent with their ordinary meaning. *See Vitronics*, 90 F.3d at 1582. Claims can never be read in isolation, but rather "must be read in view of the specification, of which they are a part." *Markman*, 52 F.3d at 979. Nevertheless, while courts can look to the written descriptions in the specification to define a term already in a claim limitation, courts cannot read a limitation into a claim from the written description. *See Renishaw*, 158 F.3d at 1248. Courts should not narrow the meaning of the claim terms on the basis of the contents of the specification, by assigning a meaning to the claim terms other than their ordinary meaning, unless either the patentee has explicitly set forth a special, novel definition for a term, or else the "terms chosen by the patentee so deprive the claim of clarity that there is no means by which the scope of the claim may be ascertained from the language used." *Johnson Worldwide Assoc., Inc. v. Zebco Corp.*, 175 F.3d 985, 990 (Fed.Cir.1999).

Courts should also consider the prosecution history, the record of correspondence and communications between the inventor and the PTO, which is kept on file at the PTO and made available for public inspection. "Although the prosecution history can and should be used to understand the language used in the

claims, it too cannot 'enlarge, diminish, or vary' the limitations in the claims." *Markman*, 52 F.3d at 980 (citation omitted). "If a patentee takes a position before the PTO, such that a 'competitor would reasonably believe that the applicant had surrendered the relevant subject matter,' the patentee maybe barred from asserting an inconsistent position on claim construction." *Katz*, 63 F.Supp.2d at 591 (citing *Cyber Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448, 1457 (Fed.Cir.1998)); *see also* *Cole v. Kimberly-Clark Corp.*, 102 F.3d 524, 531 (Fed.Cir.1996). It is well established, however, that "[u]nless altering claim language to escape an examiner rejection, a patent applicant only limits claims during prosecution by clearly disavowing claim coverage,' that is, by making a statement that concedes or disclaims coverage of the claims at issue based on apiece of prior art." *Katz*, 63 F.Supp.2d at 591 (citing *York Prods., Inc. v. Cent. Tractor Farm & Family Ctr.*, 99 F.3d 1568, 1572 (Fed.Cir.1996)).

It is a "bedrock principle of patent law" that the claims of a patent define the scope of the invention. *Innova/Pure Water Inc. v. Safari Water Filt. Sys. Inc.*, 381 F.3d 1111, 1115 (Fed.Cir.2003); *see* *Vitronics*, 90 F.3d at 1582. Therefore claim construction "begins and ends in all cases with the actual words of the claim." *Renishaw*, 158 F.3d at 1248. Claim terms are given their "ordinary and accustomed meaning," unless the specification or prosecution history reveals that the patent applicant expressly gave the claim terms a special definition. *Id.* at 1249. The "ordinary" meaning of a claim term is measured by an objective standard, determined by "what one of ordinary skill in the art at the time of the invention would have understood the term to mean." *Markman*, 52 F.3d at 986 (Fed.Cir.1995).

In *Phillips v. AWH Corp.*, the Federal Circuit has reaffirmed the fundamental principles of claim construction in *Markman*, *Innova*, and *Vitronics*. 415 F.3d 1303 (Fed.Cir.2005). First, the *Phillips* Court reiterates that "the ordinary and customary meaning of a claim term is the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention." *Id.* at 1313. The court goes further to plainly list the considerations available to a person of ordinary skill. "[T]he person of ordinary skill in the art is deemed to read the claim term not only in the context of the particular claim in which the disputed term appears, but in the context of the entire patent, including the specification." *Id.*; *see id.* at 1321.

Because the patent system is based on the proposition that claims cover only the invented subject matter, the claims themselves provide "substantial guidance" to the meaning of claim terms. *Id.* at 1321, 1314 (citing *Vitronics*, 90 F.3d at 1582). The asserted claim, along with other claims of the patent in question, serve as context in which to illuminate the meaning of a particular claim term. *Id.* at 1314.

Where the claims are ambiguous, the specification, and if available, prosecution history, can serve to inform the proper construction of the claims, as they both provide evidence of how the inventor and the Patent and Trademark officer understood the patent *Id.* at 1317. Because a patent consists of a specification that concludes with claims, the claims "must be read in view of the specification, of which they are a part." *Id.* at 1315 (citing *Markman*, 52 F.3d at 979). The specification is "always highly relevant to the claim construction analysis. Usually, it is dispositive; it is the single best guide to the meaning of a disputed term." *Id.* at 1315 (citing *Vitronics*, 90 F.3d at 1582). The importance of the specification has long been emphasized as often being the "primary basis" or "best source" for understanding claim terms. *Id.* at 1315 (citing *Standard Oil Co. v. Am. Cyanamid Co.*, 774 F.2d 448, 452 (Fed.Cir.1985)); *Multiform Desiccants, Inc. v. Medzam, Ltd.*, 133 F.3d 1473, 1478 (Fed.Cir.1998).

Again, the specification and prosecution history not only inform the "ordinary and accustomed" meaning of claim terms, but may also limit the scope of the claims by providing evidence the applicant intended special

definitions for terms which deviate from their ordinary meaning. *Id.* at 1317 (citing *Vitronics*, 90 F.3d at 1582-83). In such a case, the applicant's lexicography is dispositive. *Id.* at 1316 (citing *CCS Fitness, Inc. v. Brunswick Corp.*, 288 F.3d 1359, 1366 (Fed.Cir.2002)).

It should be noted, however, that the Federal Circuit has cautioned against the usefulness of the prosecution history. *Id.* at 1317 (citing *Iverness Med. Switz. GmbH v. Warner Lambert Co.*, 309 F.3d 1373, 1380-82 (Fed.Cir.2002)). The prosecution history may sometimes be less clear than the specification because it is the product of an ongoing negotiation between the PTO and the applicant, rather than that of a final negotiation. *Id.*

A court may consider evidence that is extrinsic to the public record of the patent as well, but it is entitled to very little weight. In most respects, the patent stands alone, and should be interpreted according to its own public record. The testimony and the intent of the inventor offers extremely little probative value in determining the scope of the claims, except to the extent that it is documented in the prosecution history. *See Engel Indus., Inc. v. Lockformer Co.*, 96 F.3d 1398, 1405 (Fed.Cir.1996) (citing *Markman*, 52 F.3d at 985). Other expert testimony, likewise, may not be used to vary or contradict claim language, and when patent documents are unambiguous, expert testimony regarding the construction of claim terms is entitled to no weight at all. *See Vitronics*, 90 F.3d at 1584. The Federal Circuit has emphasized that while district courts may rely on expert testimony for guidance in understanding the underlying technology, expert testimony "on the proper construction of a disputed claim term ... may only be relied upon if the patent documents, taken as a whole, are insufficient to enable the court to construe disputed claim terms. Such instances will rarely, if ever, occur." *Id.* at 1585. The chief reason for these limitations on the weight of extrinsic evidence is that the public is entitled to review the public record, apply the standard rules of claim construction, ascertain the scope of the claimed invention and then design around it, *see Markman*, 52 F.3d at 978-79, and "allowing the public record to be altered or changed by extrinsic evidence introduced at trial ... would make this right meaningless." *Vitronics*, 90 F.3d at 1583 (citation omitted).

The Federal Circuit has noted that technical treatises and dictionaries, even though technically forms of extrinsic evidence, are worthy of special note. *Id.* at 1584 n. 6. Unlike expert testimony offered after the fact, such standard reference works are equally available to the public as the prosecution history to assist in understanding the claim terms and the scope of the claimed invention. Thus, "[j]udges are free to consult such resources at any time ... and may also rely on dictionary definitions when construing claim terms, so long as the dictionary definition does not contradict any definition found in or ascertained by a reading of the patent documents." *Id.*

III. RELEVANT LANGUAGE OF THE PATENT-IN-SUIT

The parties agree that what remains at issue before the Court in this *Markman* process is the correct interpretation of the portion "throughhole passing through the dielectric layer" as used in the claims 1 and 15 of the '555 Patent. Specifically, the '555 Patent claims the following:

1. A deactivatable resonance label, comprising:

a dielectric layer having first and second opposed faces;

a first conducting layer on the first face of the dielectric layer, the first conducting layer being shaped to form an inductor and a first capacitor plate;

a second conducting layer on the second face of the dielectric layer, the second conducting layer being shaped to form a second capacitor plate, the first and second conducting layers being at least partially superposed, said first and second conducting layers and said dielectric layer forming together and oscillating circuit; and

shorting means for enabling creation of a short-circuit between the first and second conducting layers when it is desired to deactivate the oscillating circuit, *the shorting means being comprised of at least one **throughhole** passing through the dielectric layer to provide a short circuit path between the first and second conducting layers.*

....

15. A method for fabricating a deactivatable resonance label, said method comprising steps of:

providing a planar dielectric layer having first and second faces and

forming shorting means in the dielectric layer for enabling creation of a short-circuit between the first and second conducting layers when it is desired to activate the oscillating circuit, *the shorting means being comprised of at least one **throughhole** passing through the dielectric layer to provide a short circuit path between the first and second conducting layers.*

'555 Patent, col. 7, ln. 33-52; col. 8, ln. 33-34, 47-55 (emphasis added).

IV. CLAIM CONSTRUCTION

The scope of protection provided by a patent is determined by the language of the claims and the brief sentences or paragraphs which "particularly point [] out and distinctly claim[] the subject matter which the applicant regards as his invention." 35 U.S.C. s. 112. The first step in determining the infringement of a patent is an interpretation of the scope and meaning of the patent claims alleged to be infringed, and construction of those patent claims is a matter of law to be decided by the Court. *See Markman*, 52 F.3d at 979. In order to aid the Court in this determination, the parties submitted written briefs and made presentations at a *Markman* hearing. The parties have presented competing descriptions of the proper construction of the patent claims.

A. Summary of Positions on Claim Interpretation

1. Checkpoint

Plaintiff Checkpoint argues that the proper interpretation of the claimed dispute of the '555 Patent is that the "throughhole" is only properly interpreted as its name suggests. That is, the throughhole is a hole (air-filled space, free of dielectric layer material) through one of the energy conducting layers of the resonance labels, which makes the resonance label operate more efficiently and effectively.

Furthermore, Checkpoint argues that the throughhole is a structural implementation that uniquely improves and advances the design of the resonance label, and sets it apart from prior versions of the label.

It is Checkpoint's position that "the 'throughhole' provides a short circuit path between the conducting

layers." Checkpoint disagrees with Defendants' definition, *infra*, of the throughhole as being limited by and distinguishable from Defendants' use even if there is a difference in or there is uniformity of the thickness of the conducting layers. Simply put, Checkpoint argues that the meaning of "throughhole" puts no limitation on where the hole can be put on a conventional label, and that the "throughhole" works regardless of what the thickness of the label is like where the hole is placed. To that end, Checkpoint argues that the patentee did not and would not have disavowed having the hole in an area of reduced thickness, as Defendants suggest.

As a matter of law, Checkpoint states that the Federal Circuit's recent ruling in *Phillips v. AWH Corp.* controls the proper construction of a patent's claims in support of Checkpoint's proposed meaning of "throughhole". 415 F.3d, 1303, 1312 (Fed.Cir.2005). Specifically, Checkpoint argues that the court in *Phillips* has stated that an inventor's claims should be used to determine what he regards as his invention when there is an ambiguous claim term, but should not necessarily limit the scope of the patent's protection. *Id.* at 1312, 1323.

2. All-Tag

Defendant All-Tag relies on a different reading of the *Phillips* court's pronouncement that the specification "is always highly relevant to the claim construction analysis ... [and][u]sually, it is dispositive; it is the single best guide to the meaning of a disputed term." *Id.*

All-Tag argues that claim construction turns on the meaning of the word "throughhole" and the word "layer" as used intrinsically, in the context of the entire claim. All-Tag's position, based on its reading of *Phillips* is that because "throughhole" and "layer" are not ordinary terms of art, the specification and prosecution history, rather than the inventor's claims, should be used to construe the terms for purposes of determining the validity of the '555 Patent in the Defendant's favor. According to All-Tag, Checkpoint's construction of the "throughhole" as a "space" cannot survive the specification and prosecution history analysis set forth and required by *Phillips*.

Furthermore, All-Tag argues that its use-selective reducing of the thickness of a layer in the resonance label-is specifically critical of and inapposite to the asserted design of the '555 Patent. Thus, All-Tag's position is that its product and design do not infringe upon the '555 Patent.

3. Sensormatic

Defendant Sensormatic's argument parallels Defendant All-Tag's in that Sensormatic states that the term "throughhole" must be construed according to specification and prosecution history in accordance with legal principles of claim construction. Specifically, Sensormatic argues that the term "throughhole" did not appear in the original application for the '555 Patent. Rather, "throughhole" was added to the application for the express purpose of distinguishing the "hole through the layers design" (Checkpoint's alleged use) from the "reduced thickness in layers design" (All-Tag & Sensormatic's alleged use).

B. Interpretation of the Terms of the '555 Patent

There is no dispute that both Plaintiff's and Defendants' proposed labels are workable, functional structures. Therefore, the language of the claims and the brief sentences or paragraphs must "particularly point[] out and distinctly claim[] the subject matter which the applicant regards as his invention." 35 U.S.C. s. 112. Furthermore, in order for the Court to accept Defendants' construction of "throughhole" such that the

functional "hole through the layers design" is distinguishable from the functional "reduced thickness in layers design", the record must reflect the patentee's clear intent to disavow placement of the hole in some area of reduced, or otherwise non-uniform, thickness. *See* Katz, 63 F.Supp.2d at 591(citing York Prods., Inc. v. Cent. Tractor Farm & Family Ctr., 99 F.3d 1568, 1572 (Fed.Cir.1996)) (" '[u]nless altering claim language to escape an examiner rejection, a patent applicant only limits claims during prosecution by clearly disavowing claim coverage,' that is, by making a statement that concedes or disclaims coverage of the claims at issue based on a piece of prior art.").

Checkpoint's proposed construction of "throughhole" is consistent with the context of the patent claims. Claims 1 and 15 describe a "throughhole passing through the dielectric layer to provide a short circuit path between the first and second conducting layers". (col. 7, ln. 49-52; col. 8, ln. 51-55.) Defendants' proffered construction describes "an opening extending through the entire, predetermined, uniform thickness of the dielectric layer". (Def. Sensormatic Electronics Corp.'s Initial Claim Construction Brief 24; All-Tag Defs.' Brief on Claim Construction at 24.) However, this construction imposes a limitation that is inconsistent with the language evidenced by the patent claims.

The prosecution history supports the inventor's use of the term "throughhole" inasmuch as the term "throughhole" was used in place of "hole or cut" without any additional qualification or disavowal of a specific thickness of the layer through which the hole or cut is made. Furthermore, the language in the '555 Patent specification that describes the absence of "[e]ffects such as fluctuations in thickness" (col.2, ln.45-47) is properly understood in the full context of the claim as the manner in which deactivation occurs, not a departure from the prior art regarding fluctuations in thickness of the dielectric layer. ('555 Patent, fig. 3; *see* col. 3, ln. 48-49 and col. 6, ln. 45 (illustrating an embodiment of the invention where the dielectric layer is reduced in thickness)). Rather, it is the continuous hole that is the deviation from prior art and therefore the inventor's invention. (col.4, ln.11-13.)

V. CONCLUSION

Having found no clear intent on the part of the patentee to require uniform thickness in the material penetrated, this Court concludes that the term "throughhole" and layer as used in the claim "throughhole passing through the dielectric layer" means "**a space between the first and second conducting layers free of dielectric layer material**". Furthermore, "throughhole" is not an ambiguous term. This term is construed in accordance with the claim and specification, and dictated by its ordinary and customary meaning. The Court agrees with Checkpoint's proposed construction because it is supported by the consistent use of the word "through" in the claim language ("one *through* hole passing *through* the dielectric layer"), in the context of the entirety of the invention, and construed in accordance with the specification. *See* Markman, 52 F.3d at 979 (stating that claims must be read in view of the specification of which they are a part.). Claim 1 only qualifies the term "throughhole" as "passing through the dielectric layer," and does not include language limiting a throughhole to an area of uniform thickness in the dielectric layer. Therefore, the construction of "throughhole passing through the dielectric layer" as "**a space between the first and second conducting layers free of dielectric layer material**" is proper as evidenced by the patent's claim, the specification, and the prosecution history. An appropriate Order follows.

AMENDED ORDER

AND NOW, this ___ day of February, 2007, **IT IS HEREBY ORDERED AND DECREED** that the Court's January 24, 2007 Order (Doc. 213) is **AMENDED** as set forth herein and as set forth in the accompanying memorandum.

Upon consideration of the briefs and materials submitted by the parties, and after a *Markman* hearing on patent claim construction, it is hereby **ORDERED** that the disputed term "throughhole" in the claims of United States Patent No. 4,876,555 (the '555 patent) shall be construed to have the definition herein assigned to it. The Court concludes that "throughhole" means "a space between the first and second conducting layers free of dielectric layer material".

E.D.Pa.,2007.

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