

No.

*In The
Supreme Court of the United States*

ON DEMAND MACHINE CORPORATION,

Petitioner,

v.

INGRAM INDUSTRIES, INC. and
LIGHTNING SOURCE, INC.

Respondents.

**On Petition for a Writ of Certiorari to the United
States Court of Appeals for the Federal Circuit**

PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether the Federal Circuit has violated its constitutional authority by rendering moot 35 U.S.C. § 112, ¶ 2 in holding that “the claims cannot be of broader scope than the invention that is set forth in the specification.”

STATEMENT PURSUANT TO SUPREME COURT RULE 29.6

The names of all parties in the court whose judgment is sought to be reviewed appear in the caption of this Petition for Writ of Certiorari. Petitioner, On Demand Machine Corporation, does not have any parent companies or subsidiaries.

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On Demand Machine Corporation (“ODMC”) hereby petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit entered on March 31, 2006.

Opinions Below

The opinion of the United States Court Of Appeals for the Federal Circuit dated March 31, 2006, is reported at 442 F.3d 1331, and is reproduced at App at 1a. The court’s order denying the petition for rehearing and for rehearing *en banc* is not reported and is reproduced at App. E at 99a. The judgment of the United States District Court for the Eastern District of Missouri dated July 23, 2004 and October 28, 2004, is not reported and is reproduced App. B & C, at 28a and 34a. The District Court's claim interpretation (*Markman*) order is reproduced at App. D at 35a.

Jurisdiction

The judgment of the United States Court Of Appeals for the Federal Circuit to be reviewed was entered on March 31, 2006. The Federal Circuit Court issued an order denying a timely petition for rehearing *en banc* on June 20, 2006. This petition is timely under 28 U.S.C. § 2101 and Supreme Court Rule 13.1. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

Statutory Provisions Involved

This case concerns the requirements for a patent set forth in § 112 of the Patent Act, 35 U.S.C. § 112, which provides in its paragraphs 1 and 2:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or

with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Statement Of The Case

This case raises a question of broad and general importance: What is the proper measure of the scope of an invention under the Patent Act, in particular under 35 U.S.C. § 112? The answer to this question affects every pending U.S. patent application, every unexpired U.S. patent, and every pending U.S. infringement suit. The scope of protection to be determined in this case will also have material significance in the U.S. patent policy. In fact, this issue concerns anyone or any entity affected by U.S. patent procedure.

The bright-line rule as ruled by the Federal Circuit has voided the scope of protection recognized under 35 U.S.C. § 112, ¶ 2. That statute clearly differentiates the scope of protection afforded by the claims, from what is disclosed by the rest of the specification. The Federal Circuit has now removed that distinction. This bright line rule has further created conflict among the Federal Circuit holdings with respect to the scope of protection afforded by valid patents.

The Patent at Issue and Relevant Background

This patent infringement case arises out of U.S. Pat. No. 5, 465, 213, by inventor Harvey Ross (the "Ross patent"). The Ross patent was assigned to and is owned by Petitioner ODMC. ODMC initiated this infringement against the Respondents Ingram Industries, Inc. ("Ingram"), its subsidiary Lightning Source, Inc. ("Lightning"), and Amazon.com, Inc. ("Amazon").

ODMC, a small St. Louis, Missouri corporation, was founded by Harvey Ross (deceased). The Ross patent discloses and claims methods for printing books on demand. ODMC was founded and funded to develop and commercialize the methods described in the Ross patent.

Mr. Ross was 68 years old when he conceived his invention in early 1990. After a lifetime of inventing and developing complex systems as an electrical engineer for Motorola and McDonnell Douglas, Mr. Ross served as a consultant to a number of technology companies in the St. Louis area. His patent application was filed on July 27, 1990, and a continuation-in-part application was filed on July 12, 1993. The Ross patent was granted on November 7, 1995. Mr. Ross worked full time to develop and market his invention.

In an effort to market his invention, Mr. Ross contacted defendant Ingram, well before his patent issued in 1995. Mr. Ross explained the advantages of his methods to Ingram. Mr. Ross showed Ingram how more titles would be available for sale by Ingram while slow moving titles kept in inventory could be reduced. On several occasions from 1993 – 1996, Mr. Ross met and corresponded with Ingram to license Ingram under the Ross patent or to secure an investment in Mr. Ross' company. In February 1995, Ingram entered into a one-year confidential relationship agreement with Mr. Ross' company, then known as Westfield Associates. Mr. Ross then disclosed to Ingram details of his pending patent application and his business plans.

During the summer of 1996, without advising Mr. Ross, Ingram retained patent counsel to review the patent, and informed Mr. Ross that it was not interested in taking a license under his patent.

Ingram then initiated a feasibility study to start a service to print books on demand. In early November, 1997, Ingram

announced the launch of a new company, now known as Lightning Source, to store books in a digital library and print each book one book at a time, as ordered by the retailer. Within weeks of the launch of Lightning, Mr. Ross informed Ingram that Lightning infringed his patent and needed a license. Lightning refused the license. Mr. Ross corresponded with Ingram/Lightning over the next few years regarding a license.

Because new prior art was made known to ODMC by other prospective licensees, ODMC requested that the Patent and Trademark Office (PTO) reexamine the Ross patent. In this reexamination, the patentability of claims 7 and 8 of the Ross patent was confirmed without amendment to these claims, and claims 1-6 were cancelled.

Although Respondents, in their appellate brief, demeaned Mr. Ross' contribution by referring to it as a "modest improvement", Lightning implemented Mr. Ross' method. As noted in its 1998 press release, Lightning was awarded the "prestigious 'Innovator of the Year' award from Xplor International, the electronic document systems association".

Ingram, headquartered in Nashville, is one of America's largest privately owned companies. Ingram is a holding company having numerous subsidiaries, including Lightning. Ingram Book Company, another subsidiary, is the largest wholesale distributor of trade books in the United States.

Amazon is headquartered in Seattle and is the leading on-line bookseller in the world. In 2000, Lightning and Amazon entered into a contract whereby Lightning would print books on demand, as ordered by Amazon and its customers.

At trial, ODMC withdrew claim 7 so that only claim 8 went to the jury.

Claim 8 At Issue

Claim 8 recites:

*“A method of high-speed manufacture of a single copy of a book comprising the steps of:
storing the text of a plurality of books in a computer,
storing sales information relating to said plurality of books in a computer,
providing means for a customer to visually review said sales information,
commanding a computer to print the text of a selected one of said books in response to a customer’s selection,
retrieving the text of said selected one of said books from a computer,
printing the text of said selected one of said books on paper pages,
binding said paper pages together to form said selected one of said books,
storing graphical information corresponding to the cover of each of said books,
commanding a computer to reproduce said graphical information on a book cover, and
binding said paper pages together with said cover therearound.”*

Proceedings In The District Court

The trial court held a *Markman* hearing and issued a comprehensive and lengthy Order setting forth its interpretation of the disputed claim terms. In this case, the district court, in construing Claim 8, had the benefit of the parties’ *Markman* briefs totaling over 126 pages, and a 3 ½ hour *Markman* hearing. Thereafter the district court issued a comprehensive 46 page claim construction order. (App. D at 32a).

The case was tried to a jury for seventeen (17) days from February 9 to March 3, 2004. The jury found that: (1) Lightning infringed or jointly infringed and induced the infringement of Claim 8; (2) Amazon infringed or jointly infringed Claim 8; (3) Ingram induced infringement of Claim 8; (4) Defendants failed to prove invalidity; (5) Defendants willfully infringed; and (6) awarded \$15,000,000 in damages.

On appeal, the Appellants did not appeal the jury's finding that the Ross patent was not proven invalid. Hence there is no issue in this case as to the Ross patent being invalid for lack of enablement or written description.

The Federal Circuit Decision (the "Decision")

Respondents timely appealed to the Federal Circuit, complaining that the district court erred in its claim construction. Respondents essentially complained that the claim construction by the district court was broader than the specification allows.

Since only claim 8 of the Ross patent had been presented for jury verdict, the Federal Circuit Panel (the "Panel") reviewed the disputed claim terms in that context. *On Demand Machine Corp. v. Ingram Industries, Inc.*, 442 F.3d at 1337. Reviewing *de novo* the district court's claim construction, the Panel issued a new rule that **"the claims cannot be of broader scope than the invention that is set forth in the specification"**. *On Demand Machine Corp.*, (App. A at 1a). (Emphasis added). Thus, after a three-week jury trial, the district court's claim construction now stands reversed. Although Appellants raised a plethora of claim construction and other issues, the Panel had only the benefit of abbreviated briefs addressing each of the multiple disputed claim terms, and a limited oral argument. Against that background, the Panel found that five of the district court's claim interpretations were in error and found that no reasonable jury could have found

infringement on the proper claim construction. Without constitutional authority, this *Decision* has rendered 35 U.S.C. § 112, ¶ 2 moot. As such, this *Decision* renders the claims superfluous and dramatically limits the scope of all issued patents.

REASONS FOR GRANTING THE WRIT

The *Decision* is in direct conflict with this Court's precedents, the Federal Circuit's prior *en banc* precedents, and the text of 35 U.S.C. § 112, ¶ 2. In following this Court's precedents and in following the statutory authority mandated by Congress under § 112, ¶ 2, the Federal Circuit has recognized that the scope of protection, defined by the claims, can be broader than what is described in the specification. The *Decision*'s holding that "the claims cannot be of broader scope than the invention that is set forth in the specification" clearly violates the prior Federal Circuit's *en banc* rulings. Additionally, the *Decision*'s holding further enhances the split among the Federal Circuit with respect to the claim scope.

I. IN RENDERING 35 U.S.C. § 112, ¶ 2 MOOT, THE FEDERAL CIRCUIT HAS DEPARTED FROM PRECEDENTS OF THIS COURT, AS WELL AS ITS OWN PRECEDENTS, THAT THE CLAIMS CAN BE BROADER IN SCOPE THAN WHAT IS DESCRIBED IN THE REST OF THE SPECIFICATION

A. Prior Supreme Court Rulings Establish That The Claims Measure The Patent Grant

This Court has well established that the claims ascertain "what it is that is patented". *Merril v. Yeomans*, 94 U.S. 568, 570 (1876). It is established that the claims "measure the invention and determine the limits of the patent protection." *Cont'l. Paper Bag Co., v. E. Paper Bag Co.*, 210 U.S. 405, 419 (1908). The claims

define the scope of the patent grant. *Markman v. Westview Instruments*, 517 U.S. 370, 374 (1996).

B. The Supreme Court Ruled In *Mccarty* That Elements Not Mentioned In The Claims Should Not Limit The Claims

In relying on principles set by this Court over one hundred and ten years ago, the Federal Circuit Court has recognized that the specification should not be read to limit language that is actually present in the claims. *Renishaw PLC v. Marposs Societa' Per Azioni Marposs Corp.*, 158 F.3d 1243, 1249 (Fed. Cir. 1988)(citing: *McCarty v. Lehigh Valley Co.*, 160 U.S. 110 (1895)). In other words, the scope of protection, as defined by the claims, can be broader than what is described in the rest of the specification.

In *McCarty*, the patent at issue related to improvements to railroad trucks and in particular to bolster plates that connect the railroad car to the railroad truck. *McCarty*, 160 U.S. at 113. The patentee claimed a plate in combination with other components of the bolster. *Id.* at 119. In reviewing the claim, this Court noted that although side truss springs were described in the specification and drawings, the claims did not suggest that the bolster ends rest upon the springs. *Id.* at 116. The patentee, however, suggested at trial that this feature should be read into the claim. *Id.* The Court, however, ruled that:

“There is no suggestion in either of these claims that the ends of the bolster rest upon springs in the side trusses, although they are so described in the specification and exhibited in the drawings. It is suggested, however, that this feature may be read into the claims for the purpose of sustaining the patent. While this may be done with a view of showing the connection in which a device is used, and proving that

it is an operative device, we know of no principle of law which would authorize us to read into a claim an element which is not present, for the purpose of making out a case of novelty or infringement. The difficulty is that if we once begin to include elements not mentioned in the claim in order to limit such claim and avoid a defence of anticipation, we should never know where to stop." *Id.* (Emphasis supplied)

C. The Federal Circuit Has Interpreted *McCarty* To Apply To Questions Of Claim Scope For Purposes Of Ascertaining Infringement

Although the facts of the *McCarty* decision concerned invalidity based on prior art, the Federal Circuit has relied on the above-quoted language of the *McCarty* decision in reaching conclusions that the details of the specification should not be read to limit claim language for purposes of determining infringement. *Renishaw*, 158 F.3d at 1249. In *Renishaw*, the Federal Circuit affirmed the district court's ruling on claim construction that absent a particular definition created by the applicant, the claim terms are to be given their ordinary and accustomed meaning. *Id.* at 1248. The *Renishaw* court held that "[w]ithout any claim term that is susceptible of clarification by the written description, there is no legitimate way to narrow the property right." *Id.* In relying on *McCarty* decision, the *Renishaw* court stated:

"the Supreme Court has clearly stated the rationale for this requirement: We know of no principle of law which would authorize us to read into a claim an element which is not present, for the purpose of making out a case of novelty or infringement. The difficulty is that if we once begin to include elements not mentioned in the claim in order to limit such claim..., we should never know where to stop.'" *Id.* at 1249. (*quoting, McCarty*, 160 U.S. at 116.)

The *Renishaw* court reiterated “absent a special and particular definition created by the patent applicant, terms in a claim are to be given their ordinary and accustomed meaning.” *Id.* at 1249 (see *York Prods., Inc. v. Central Tractor Farm & Family Ctr.*, 99 F.3d 1568, 1572 (Fed. Cir. 1996)). The *Renishaw* court further prohibited adding “a narrower modifier before an otherwise generally term that stands unmodified in a claim.” *Renishaw*, 158 F. 3d at 1248. As an example, the *Renishaw* court provided that “if an apparatus claim recites a general structure (e.g. a noun) without limiting that structure to a specific subset of structures (e.g. with an adjective), we will generally construe the claim to cover all known types of that structure that are supported by the patent disclosure.” *Id.* at 1250.

The Federal Circuit once again followed the *McCarty* ruling in affirming patent infringement. *Johnson Worldwide Assoc. v. Zebco Corp.*, 175 F.3d 985, 991 (Fed. Cir. 1999). In relying on *McCarty* and *Renishaw*, the *Johnson* court held that “claim terms cannot be narrowed by reference to the written description or prosecution history unless the language of the claims invites references to those sources.” *Id.* (citing *McCarty*, 160 U.S. at 116 (“If we once begin to include elements not mentioned in the claim in order to limit such claim...we should never know where to stop.”))

In quoting the subject language of *McCarty*, the Federal Circuit has omitted the words “and avoid a defense of anticipation” (e.g., *Renishaw*) and even omitted more words from that language (as in *Johnson WorldWide*) to reflect that the application of the *McCarty* language is not limited to a patent owner's attempt to make a claim narrower in order to *avoid* a prior art argument of invalidity, but rather applies to not importing limitations from a preferred embodiment to limit the language of a claim.

Under its “bedrock principle” statement that claims define

the invention, the recent *en banc Phillips* court relied on *McCarty. Phillips v. AWH Corp.*, 415 F.3d 1303, 1312 (Fed. Cir. 2005)(*en banc*). In the *Phillips*' claim interpretation holding, the Federal Circuit held:

“It is a ‘bedrock principle’ of patent law that ‘the claims of a patent define the invention to which the patentee is entitled the right to exclude.’ *Innova*, 381 F.3d at 1115; see also *Vitronics*, 90 F.3d at 1582 (‘we look to the words of the claims themselves . . . to define the scope of the patented invention’); *Markman*, 52 F.3d at 980 (‘The written description part of the specification itself does not delimit the right to exclude. That is the function and purpose of claims.’). That principle has been recognized since at least 1836, when Congress first required that the specification include a portion in which the inventor ‘shall particularly specify and point out the part, improvement, or combination, which he claims as his own invention or discovery.’ Act of July 4, 1836, ch. 357, § 6, 5 Stat. 117, 119. In the following years, the Supreme Court made clear that the claims are ‘of primary importance, in the effort to ascertain precisely what it is that is patented.’ *Merrill v. Yeomans*, 94 U.S. 568, 570, 24 L. Ed. 235, 1877 Dec. Comm'r Pat. 279 (1876).” *Phillips*, 415 F.3d at 1312 (Emphasis added).

The holding in the *Decision* that “the claims cannot be of broader scope than the invention that is set forth in the specification” is directly contrary to § 112, ¶ 2, this Courts' prior rulings, and the Federal Circuit's own *en banc* case law.

D. A Long Line Of Federal Circuit Rulings Hold That Claim Language Can Be Broader Than The Rest Of The Specification

A long line Federal Circuit decisions that hold that preferred embodiments of the specification are not claim limitations and should not be read into the claims. The drawings and specifications may describe preferred embodiments of an invention, but preferred embodiments are not claim limitations and are not to be read into the claims. *Electro Med. Sys. S.A. v. Cooper Life Sciences*, 34 F.3d 1048, 1054 (Fed. Cir. 1994). The *Electro* court further emphasized that “although the specification may well indicate that certain embodiments are preferred, particular embodiments appearing in the specification will not be read into the claims when the claim language is **broader** than such embodiments.” *Id.* (Emphasis added). (See also *Resonate Inc. v. Alteon Websystems, Inc.*, 338 F.3d 1360, 1364-65 (Fed. Cir. 2003)(“a particular embodiment appearing in the written description may not be read into a claim when the claim language is broader than the embodiment.”)(*Superguide Corp. v. DirectTV Enterprises, Inc.*, 358 F.3d 870, 875 (Fed. Cir. 2004)(“a particular embodiment appearing in the written description may not be read into a claim when the claim language is broader than the embodiment.”)).

Time after time the Federal Circuit has warned that specific descriptions in preferred embodiments section of a patent specification are not to be imported into the claims as limitations. The Federal Circuit has stated: “[r]eferences to a preferred embodiment, such as those often present in a specification, are not claim limitations (citation omitted). This court has cautioned against limiting the claimed invention to preferred embodiments or specific examples in this specification.” *Transmatic, Inc. v. Gulton Industries*, 53 F.3d 1270, 1277 (Fed. Cir. 1995).

Dayco Prod. v. Total Containment, 258 F.3d 1317, 1325, 1327-28 (Fed. Cir. 2001) also reflects the Federal Circuit's adherence to the principles of *McCarty*. In *Dayco*, the district court had construed the claim language to require the claims to include limitations based on the disclosure in the specification. The Federal Circuit disagreed, and stated: “[a]s we said in *Comark Communications, Inc. v. Harris Corp.*, 156 F.3d 1182, 1186 (Fed. Cir. 1998), ‘while . . . claims are to be interpreted in light of the specification and with a view to ascertaining the invention, it does not follow that limitations from the specification may be read into the claims.’” (quoting *Sjolund v. Musland*, 847 F.2d 1573, 1581, (Fed. Cir. 1988)” (Emphasis added). *Dayco*, 258 F. 3d at 1325.

The *Dayco* court noted that in each of the three claim constructions “the district court erroneously read a limitation into the claim language. Our cases make clear, however, that adding limitations to claims not required by the claim terms themselves, or unambiguously required by the specification or prosecution history, is impermissible.” See *Laitram Corp. v. NEC Corp.*, 163 F.3d 1342, 1347, (Fed. Cir. 1998) (‘a court may not import limitations from the written description into the claims’); *SRI Int'l v. Matsushita Elec. Corp.*, 775 F.2d 1107, 1121, (Fed. Cir. 1985) (*en banc*).” *Dayco*, 258 F.3d at 1327.

Interactive Gift Exp. v. Compuserve, Inc. 256 F.3d 1323 (Fed. Cir. 2001) further enunciated the Federal Circuit's adoption of the *McCarty* doctrine. In *Interactive Gift*, the Federal Circuit held that “that the district court erred in at least one aspect of its construction of each of the five claim limitations upon which the judgment of noninfringement was based.” *Id.* at 1349. The court stated: “In construing claims, the analytical focus must begin and remain centered on the language of the claims themselves, for it is that language that the patentee chose to use to ‘particularly point[] out and distinctly claim[] the subject matter which the patentee regards as his invention.’ 35 U.S.C. § 112, ¶ 2.” *Id.* at 1331.

The *Interactive Gift* court further stated: “[i]f the claim language is clear on its face, then our consideration of the rest of the intrinsic evidence is restricted to determining if a deviation from the clear language of the claims is specified.” *Id.* at 1331. The Federal Circuit stated, “[a]lthough the preferred embodiment routes the authorization code with the use of an IMM code and electronic transmission, *these features are not recited in the independent claims and we are not at liberty to read them into the claims*”. *Id.* at 1342 (Emphasis added)(see also *Turbocare Div., Demag Delaval v. General El.*, 264 F.3d 1111, 1123 (Fed. Cir. 2001)).

E. The Panel’s Decision Failed To Apply The Guidelines Of The Precedent Set By This Court And The Precedent Of The Federal Circuit’s Own Decisions

In rendering 35 U.S.C. § 112, ¶ 2 moot, the Panel misstated and misapplied this Court’s precedents and the Federal Circuit’s precedents. This statute mootness and precedential misapplication (i.e., that “the claims cannot be of broader scope than the invention that is set forth in the specification”) permeates the entire *Decision* and results in erroneous claim construction as to all the claim terms in issue, which is then parlayed into an erroneous finding of noninfringement. The *Decision* not only constitutes a severe injustice to ODMC, it sets forth a flawed precedent that will misguide the Patent and Trademark Office, future trial courts, and litigants.

The correct application of this Court’s precedent, 35 U.S.C. § 112 and the Federal Circuit’s precedents, would construe the claims based on the ordinary and customary meaning of the words of the claims from the perspective of one with ordinary skill in the art within the **context** of the specification, and would properly refrain from importing limitations from the specification into the claims absent a clear disavowal of the claim’s scope. Further, a correct application of the *Phillips*’ guidelines for claim

construction would find sufficient evidence to support a finding of infringement.

The Panel systematically misstated and misapplied the *Phillips*' guidelines by declaring that the **“claims cannot be of broader scope than the invention that is set forth in the specification.”** *On Demand Machine Corporation*, 992 F.3d at 1377 (Emphasis added). The Panel also erred when it stated “the scope and outer boundary of claims is set by the patentee's description of his invention.” *Id.* (citing *Phillips*, 415 F.3d at 1313-14). The Panel's misapplications of *Phillips* led it to improperly import limitations from the specification into the claims and consequently to misconstrue the claim terms.

Here, the *Decision* renders all of the above irrelevant because now, the scope of the claims cannot be broader than the invention described in the specification. Moreover, in violation of constitutional authority, the *Decision* renders 35 U.S.C. § 112, ¶ 2 superfluous, for it is now the specification, not the claims, that determines the scope of the invention.

Claim 8 of the Ross patent is verbatim the same as original claims 14 and 15 filed July 27, 1990, except that in the phrase “providing means for a customer to scan ...,” was rewritten to say “providing means for a customer to visually review....” The parties agreed that these phrases had the same meaning. (See Dist. Ct. Docket #63, Joint Statement Of Claim Construction, Dec. 20, 2002, p. 4, Clause 4). It has long been held that an original claim is part of the applicant's disclosure. *In re Koller*, 613 F.2d 819, 823-24 (CCPA 1980). Since claim 8 is the same as original claims 14 and 15, claim 8 does not embrace more than the disclosure of the original specification.

Phillips recognized that “although the specification often describes very specific embodiments of the invention, we have repeatedly warned against confining the claims to those

embodiments.” 415 F.3d at 1323. *Phillips* rejected the principle “that if a patent describes only a single embodiment, the claims of the patent must be construed as being limited to that embodiment.” *Id.* *Phillips* recognized that persons of ordinary skill in the art “rarely would confine their definitions of terms to the exact representations depicted in the embodiments.” *Id.*

To diverge from the plain and ordinary meaning of a claim term, the patent or file history must contain a “clear disavowal” of that meaning. *Teleflex, Inc. v. Ficosa N. Am. Corp.*, 299 F.3d 1313, 1324-25, 1327 (Fed. Cir. 2002). *Sorensen v. ITC*, 427 F.3d 1375, 1378 (Fed. Cir. 2005), a post-*Phillips* case, stated “...in order to disavow claim scope, a patent applicant must clearly and unambiguously express surrender of subject matter during prosecution.”

In view of the above holdings, the Panel’s statement that “the claims cannot be of broader scope than the invention that is set forth in the specification” is in error. As stressed above, *Phillips* specifically stated that claim construction should not be limited to the embodiments disclosed in the specification. *Id.* at 1323-1324. (See also *Dayco*, 258 F.3d at 1327 (“Our cases make clear, however, that adding limitations to claims not required by the claim terms themselves, or unambiguously required by the specification or prosecution history, is impermissible.”)). The Court in *Phillips* did not hold, as did the Panel, that “the claims cannot be of broader scope than the invention that is set forth in the specification.” (*Decision* at App. A at 16a). Under *Phillips* and the overwhelming weight of case law and statutory authority, that is not the law.

As noted by the Panel, “the district court mostly applied the precedent whose correctness has been confirmed,” and correctly viewed dictionary definitions “in a manner consistent with their use in the intrinsic record.” (*Decision* at App. A at 11a). However, the Panel changed the “ground rules” when it ruled that “the claims

cannot be broader than the invention that is set forth in the specification." (*Decision* at App. A at 16a).

F. Post *Phillips*, There Is A Split In Decisions As To Whether Claims Are Construed To Have Their Ordinary Meaning, Or Can Be No Broader Than The Specification

1. Post *Phillips* Cases Wherein The Federal Circuit Has Held That The Claims Must Be Construed To Have Their Ordinary And Customary Meaning

After much anticipation from the patent bar, the Federal Circuit handed down its *en banc Phillips* decision in July 2005. With its multiple rulings with respect to the protected scope of the patent, a conflict of authority has arisen with respect to claim construction.

As noted, the *Phillips* case stated "It is a "bedrock principle" of patent law that "the claims of a patent define the invention to which the patentee is entitled the right to exclude." 415 F.3d at 1312. The Federal Circuit's post-*Phillips* precedential cases make clear that in "examining the specification for proper context, however, this court will not at any time import limitations from the specification into the claims. (citation omitted)." *CollegeNet, Inc. v. ApplyYourself, Inc.*, 418 F.3d 1225, 1231 (Fed. Cir. 2005)(Emphasis added).

The Federal Circuit has generally applied the *Phillips* guidelines that the claims must be construed to have their ordinary and customary meaning. For example, "the inquiry into how a person of ordinary skill in the art understands a claim term provides an objective baseline from which to begin claim interpretation." *Sorenson*, 427 F.3d at 1378 (*citing Phillips*, 415 F.3d at 1313.)

In another post *Phillips* ruling, the Federal Circuit held that the “words of a claim are generally to be accorded their 'ordinary and customary meaning,' ...which is 'the meaning that term would have to a person of ordinary skill in the art in question at the time of invention.” *Research Plastics, Inc. v. Federal Packaging Corp.*, 421 F.3d 1290, 1295 (Fed. Cir. 2005)(citing *Phillips*, 415 F. 3d 1303).

In the *Collegenet* ruling the court held that the court “seeks a term’s usage in the ordinary and customary meaning of the words amongst artisans of ordinary skill in the relevant art and at the time of the invention.” *Collegenet*, 418 F.3d 1225, 1231. The *Collegenet* court further held that “[a] patent applicant may consistently and clearly use a term in a manner either more or less expansive than its general usage in the relevant community, and thus expand or limit the scope of the term in the context of the patent claims.” *Id.* (See *Varco, L.P. v. Pason Systems USA Corp.*, 436 F.3d 1368, 1372-1373 (Fed. Cir. 2006)).

Still further, the Federal Circuit, post *Phillips*, held that “[a] court errs by importing the functions of a working device into the specific claims, rather than reading the claims for their meaning independent of any working embodiment.” *JWW Enterprises, Inc. v. Interact Accessories, Inc.*, 424 F.3d 1324, 1331 (Fed. Cir. 2005)(see also *Biagro Western Sales, Inc. v. Grow More, Inc.*, 423 F.3d 1296, 1302 (Fed. Cir. 2005)(“words of a claim are generally given their ordinary and customary meaning.”)(citing *Phillips*, 415 F.3d at 1312-1313)).

2. Post *Phillips* Cases Holding That A Claim Is Limited To The Embodiment Disclosed In The Specification

The *Decision*’s holding that “the claims cannot be of broader scope than the invention that is set forth in the specification” represents a split among the Federal Circuit’s post *Phillips*’ holdings. As noted, several Federal Circuit decisions following

Phillips held that the claims must be construed to have their ordinary and customary meaning. *Phillips*, 415 F.3d at 1312-1313.

In sharp contrast, there is also a new body of law, including the *Decision* that creates a conflict of authority with the post *Phillips* cases cited above. In addition to the instant *Decision*, the Federal Circuit affirmed a district court's ruling on claim construction that strictly limits the claim scope to the specification. *Honeywell Int'l, Inc. v. ITT Industries, Inc.*, 452 F.3d 1312 (Fed. Cir. 2006). In this ruling, the Federal Circuit limited the "invention" to a "fuel filter" wherein the claim at issue expressly claimed a "fuel system component." *Id.* at 1318 (citing *Phillips*, 425 F.3d at 1315 ("claims must be read in view of the specification, of which they are a part.")). The Federal Circuit affirmed the limitation of the patent to only fuel filters since the specification remained silent to other components. *Id.*

Again, under this new body of law, the Federal Circuit held that "the specification and file history should guide a court toward an accepted claim construction." *Datamize, LLC v. Plumtree Software, Inc.*, 417 F.3d 1342, 1348 (Fed. Cir. 2005)(citing *Phillips*, 415 F.3d 1303). In *Datamize*, the court held a patent indefinite limiting the definition of the claim term based on the specification. *Id.* at 1354-1356.

The Federal Circuit held that the specification "is the single best guide to the meaning of the disputed term." *Terlep v. The Brinkman Corp.*, 418 F.3d 1379, 1382 (Fed. Cir. 2005)(quoting *Phillips*, 415 F.3d 1303). In *Terlep*, the claim at issue recited a "clear plastic tubular holder" for an LED lamp. *Id.* at 1383. According to the court, the text of the claim recited "little guidance" on the meaning of the term "clear". *Id.* The *Terlep* court noted that the Background and the Summary sections of the patent described the invention as a lamp that does not have a lens cover. *Id.* The court noted "[i]mplicit in these passages is the distinction between lenses or holders that diffuse...light and those

that transmit light..." *Id.* (Emphasis added). The court held that the specification supported the district court's claim construction. *Id.* As such, the *Terlep* court limited the claims to the written description under an *implied* reasoning.

Although claims are examined and prosecuted in the Patent Office and claims are enforced by the courts, the Federal Circuit, under this new standard, does not see the claims as defining the invention. Instead, the Federal Circuit has elevated the specification to define the scope of protection for the invention. In other words, the patent's scope is defined and limited by the written description (i.e., 35 U.S.C. § 112, ¶ 1).

II. IN RENDERING 35 U.S.C. § 112, ¶ 2 MOOT, THE FEDERAL CIRCUIT HAS VIOLATED A CARDINAL PRINCIPLE OF STATUTORY CONSTRUCTION AS MANDATED BY CONGRESS AND THIS COURT THAT A STATUTE IS TO BE READ TO GIVE FORCE AND EFFECT TO ITS ENTIRETY

§ 112, ¶ 1 provides a "statutory directive that the inventor provide a 'full' and 'exact' description of the claimed invention..." ¶ 1 simply provides disclosure requirements for validity of a patent; i.e., a patent must meet the written description, enablement, and the best mode requirements of ¶ 1. A separate paragraph differentiates the claim from the specification. § 112, ¶ 2 mandates that "[t]he specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention." (Emphasis added). As clearly stated by the Federal Circuit, specification-centered claim construction makes ¶ 2 of § 112 superfluous. *Teleflex*, 299 F.3d at 1326. "If everything in the specification were required to be read into the claims, or if structural claims were to be limited to devices operated precisely as a specification-described embodiment is operated, there would be no need for claims." *Id.*

The history of § 112 reveals that description mandate of the invention under ¶ 1 is separate and distinct from the claiming requirement under ¶ 2. *Ending The Federal Circuit Crapshoot: Emphasizing Plain Meaning In Patent Claim Interpretation*, Research Foundation of Franklin Pierce Law Center, 42 IDEA 1, 3 (2002). From the statutory structure of § 112, it is manifest that the claim language carefully selected by the inventor defines the metes and bounds of the claimed invention. *Id.*

In 1952, Congress revised the Patent Act to emphasize the vital role played by a patent's claims. *Id.* Congress manifested the importance of the claims by separating the clause dealing with claims into its own paragraph and by modifying the language of that clause. *Id.* The clause stated: "The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention." *Id.* That clause has remained unchanged for over fifty years and can still be found at 35 U.S.C. Section 112 paragraph 2. *Id.* The property right granted by a patent is measured by, and limited to, the words of the claims. *Id.*

With respect to the distinct claiming requirement of § 112, ¶ 2, the *Decision* results in a violation of a "cardinal principle of statutory construction" that "a statute ought, upon the whole, to be so construed that, if it can be prevented, no clause, sentence, or word shall be superfluous, void or insignificant." *TRW, Inc. v. Andrews*, 524 U.S. 19, 31 (2001)(quoting *Duncan v. Walker*, 533 U.S. 167 (2001)("reluctant to treat statutory terms as surplusage in any setting")(See also *United States v. Menasche*, 348 U.S. 528 (1955)("it is our duty 'to give effect, if possible, to every clause and word of a statute.'"(quoting *Montclair v. Ramsdell*, 107 U.S. 147 (1883))). In adopting the *Decision's* construction of § 112, the Panel has voided paragraph 2 of this statute.

As to 35 U.S.C. § 112, ¶ 2, the Federal Circuit held that "[i]f everything in the specification were required to be read into the

claims, or if structural claims were to be limited to devices operated precisely as a specification-described embodiment is operated, *there would be no need for claims*. Nor could an applicant, regardless of the prior art, claim more broadly than that embodiment. *Nor would a basis remain for the statutory necessity that an applicant conclude his specification with 'claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.'*" *SRI International v. Matsushita Electric Corp.*, 775 F.2d 1107, 1121 (Fed. Cir. 1985)(quoting 35 U.S.C. § 112, ¶ 2)(Emphasis added)(see also *The Laitram Corp. v. NEC Corp.*, 163 F.3d 1342, 1347 (Fed. Cir. 1998). In following the *SRI* court, the *Teleflex* court added "specification-centered claim construction makes ¶ 2 of § 112 *superfluous*." *Teleflex, Inc.*, 299 F.3d at 1326 (Emphasis added).

Because the Federal Circuit has almost exclusive jurisdiction over patent appeals, inconsistent decisions within the Federal Circuit is a source of troubling confusion as to the interpretation of the patent laws. The Panel's *Decision* calls for an exercise of this Court's supervisory power. The consistent approach to interpreting patent statutes is within the congressional mandate behind the Federal Circuit's creation. See Rochelle Cooper Dreyfuss, *The Federal Circuit: A case Study in Specialized Courts*, 64 N.Y.U. L. REV. 1, 7-8 (1989); Wagner & Petherbridge, *Is the Federal Circuit Succeeding? An Empirical Assessment of Judicial Performance*, 152 U. PA. L. REV. 1105, 1114-17.

There is an acute need for guidance from this Court on one of the most fundamental aspects of patent law, namely whether "the claims cannot be of broader scope than the invention that is set forth in the specification", as held by the Panel. The Federal Circuit's *en banc* decision in *Phillips* clearly stated that "although the specification often describes very specific embodiments of the invention, we have repeatedly warned against confining the claims to those embodiments....(citations omitted) (claims may embrace 'different subject matter than is illustrated in the specific

embodiments in the specification’).” *Phillips*, 415 F.3d at, 1323. The *Decision* effectively overrules the above-quoted holding of *Phillips* and negates 35 U.S.C. § 112, ¶ 2.

III. THE APPLICATION OF THE CORRECT LEGAL STANDARDS SHOWS THAT THE PANEL’S CONSTRUCTION OF CLAIM 8 IS IN ERROR

Now we turn to the specific instances of the *Decision* that render 35 U.S.C 112 moot violating this Court’s precedents and the Federal Circuit’s precedents.

a. "Sales Information," Clauses [3] and [4] of Claim 8.

Claim 8 only requires that “sales information” be stored in a computer and that it be visually reviewable by a customer, not that it be actually used to order a book. The jury instruction was as follows:

The term "sales information" in Claim 8 is broader than promotional information and may include descriptive information which would aid in making a sale to the customer, such as the price of the book, Library of Congress notice, fly sheets, synopsis, plot outline, author's biographical summary, price, SKU and/or ISBN number.

The *Decision* misstated the *Phillips*’ claim construction guidelines when it stated that “the scope and outer boundary of claims is set by the patentee's description of his invention”. (*Decision*, App. A at 12a). However, the Ross patent clearly states that sales information includes both promotional information and descriptive information about the book, including the “ISBN number” (Federal Circuit Appendix 552, 11:3-9). There was no disavowal of this broad meaning of “sales information”.

The Panel erred in stating that “[i]n finding infringement, the jury necessarily accepted ODMC’s view [of sales information], for the orders to Lightning Source carry only identifying information, and Lightning Source provides no promotional information.” (*Decision*, App. A at 12a). First, Claim 8 does not even mention “orders”, or require that orders be based on sales information. Whether Lightning’s orders “carry only identifying information” is thus irrelevant. Second, Lightning admitted that it provided promotional information to its customers via computer. Lightning’s Chief Technology Officer testified that Lightning created “metadata” and made that “metadata” available via a computer to its customers. This metadata included information provided by the publishers, such as “the title of the book, the author of the book, the price of the book”, “a synopsis”, “a marketing image that might be available”, and “the ISBN number.” (Federal Circuit Appendix 6595, 1.13–19). Once Lightning obtained this metadata, they “clean it up”, “standardize it”, and it “goes on the content distribution hub [a computer]” and it is placed in a computer “catalog”. (Federal Circuit Appendix 6596, 1.2 – 6598, 1.5). This clearly shows that Lightning did store “sales information” on a computer, and that Lightning’s “sales information” included “promotional information” and “descriptive information” about the books.

At App. A p. 13a of the *Decision*, the Panel incorrectly found that “ODMC disavowed this interpretation in order to obtain the patent, and represented to the patent examiner that the inclusion of promotional material is what distinguishes this invention from the prior art.” In the reexamination, ODMC distinguished prior art, computer systems that identified documents by a non-descriptive computer file name from “sales information.” ODMC argued that contrary to the assertion “that the ‘file name’ of the documents used with the *Interpress* language constitutes ‘sales information’ within the scope of the ‘213 patent (see Column 6, lines 18 – 21 of the ‘213 patent), **it is pointed out that**

there is no disclosure of the sales information or descriptive information.” (Federal Circuit Appendix 8328)(Emphasis added).

Thus, contrary to the Panel’s finding that ODMC disavowed descriptive information from “sales information”, ODMC expressly argued that “sales information” included descriptive information. The specification of the Ross patent expressly describes sales information to be both “promotional” and “descriptive information” (Federal Circuit Appendix 547, 2:3-6; 549, 6:18 – 21; 550, 7:44 – 45). Moreover, the specification expressly refers to the “ISBN number and other information (as shown in Fig. 5) which help to **describe** the book and to provide the potential customer [with information] about the book.” (Federal Circuit Appendix 552, 11: 6 – 10)(Emphasis added).

Accordingly, the Panel incorrectly concluded that “on the correct construction of ‘sales information’ claim clauses [3] and [4] cannot be met by Lightning’s activities, for it was not disputed that the books ordered from Lightning Source were ordered solely upon identifying data such as title or ISBN, without promotional information from Lightning Source.” (*Decision*, App. A at 14a). There is no requirement in Claim 8 that “sales information” must be used to order a book, but only that sales information be stored on a computer and that that means be provided for a customer to visually review the sales information. As stated above, Lightning provided promotional and descriptive sales information (e.g., “metadata”) about its books to its customers.

The Panel ignored the holding of *Sorensen*, that “in order to disavow claim scope, a patent applicant must clearly and unambiguously express surrender of subject matter during prosecution.” 427 F.3d at 1378. The comment regarding the file name referenced by the Panel was far short of a disavowal of claim scope but part of “ongoing negotiation between the PTO and the applicant, rather than the final product of that negotiation”, which *Phillips* characterized “lacks the clarity of the specification and

thus is less useful for claim construction purposes.” 415 F. 3d at 1317.

Moreover, even if the Panel correctly construed "sales information" and limited the term to promotional information, Defendant Amazon.com clearly met this limitation.

b. “Customer” Clauses [4] and [5] of Claim 8

For clause [4] and [5] of claim 8, the district court instructed the jury: “The word ‘customer’ is ‘one who buys goods or services’ and, is not limited to a retail customer.”

“Customer” is not a technical term – it is commonly known not only to those skilled in the art, but also to the pedestrian on the street. The Panel, however, limited the definition to a "retail customer", absent explicit disavowal of the ordinary meaning of “customer”. (*Decision*, App. A at 15a & 16a). However, for such disavowal, an applicant must clearly and unambiguously expressly surrender such during prosecution. *Sorenson*, 427 F.3d at 1378. ODMC did not disavow the plain and ordinary meaning of the term “customer”, either in the Ross specification or in the prosecution history. In fact, the Ross specification expressly discloses that the bookstore clerk may order the book (Federal Circuit Appendix 553, 13:11 – 19), and also states that “[t]his invention relates to the field of book distribution, storage, manufacturing and retailing.” (Federal Circuit Appendix 547, 1:12-13). The specification discloses the patented method’s use in mail order catalogue operations to reduce inventory, book storage, and other concerns. (Federal Circuit Appendix A 548, 3:16 – 24). This all contradicts a holding that “customer” should be limited to a person who selects, purchases, and initiates manufacture of a book for personal use.

c. “Providing Means for a Customer to Visually Review,”
Clause [4], Claim 8

The district court correctly viewed this claim clause to be a means-plus-function limitation, 35 U.S.C. § 112(6). The trial court instructed the jury that: “Claim 8, clause 4, recites: ‘*providing means for a customer to visually review said sales information.*’ The word ‘providing’ in this clause has its usual and customary meaning, including to supply for use, contribute, or furnish.” (Federal Circuit Appendix A 134).

The Panel ruled that the “infringement issue as to this clause ... is not whether the computer contains a touch screen, but whether the defendants ‘provide’ a computer means to customers.” (*Decision* at App. A at 18a). The Panel thus confined the claim to the specification and negated the jury’s verdict of joint infringement.

No reason exists why Claim 8 precludes a customer from furnishing his (her) own computer and monitor to view sales information that Defendants have made available on their web sites and have encouraged their customers to view via the customer’s computers. *Catalina* rejected the Panel’s reasoning in an environment wherein the accused infringer used “a web-based coupon system to monitor and control the distribution of coupons from its www.coolsavings.com website,” in which the customer furnishes his computer and printer to print the accused infringer’s coupons. *Catalina Marketing International, Inc. v. Coolsavings.com, Inc.*, 289 F.3d 801, 806 (Fed. Cir. 2002). The “[u]sers may access the Coolsavings system from any Internet-accessible computer by simply logging onto the coolsavings.com website.” *Id.* at 807-808. Thus, under the plain meaning of Claim 8, the customer can provide himself with a computer.

d. "Printing on Paper Pages," Clause [7] of Claim 8

As to clause [7], the district court instructed: "The term 'paper pages' does not require the text to be printed on sheets of paper, as opposed to being printed on continuous rolls or any other of a variety of forms of paper, although the book which is produced by the process must be comprised of pages as opposed to rolls." The trial court correctly observed that "[n]either the claims nor the specification references the form of paper used in the invention, although the claims and the specification disclose that ultimately pages of a book are produced." (App. D at 88a).

The Panel incorrectly ruled that the specification describes the invention only as printing on individual pages, not a "factory setting" with the production of multiple copies. (*Decision*, App. A at 21a). This astonishing result occurred even though Lightning offered into evidence its video of its process (Federal Circuit App. A 9459), which shows a flow chart (Federal Circuit App. A 9460) that admitted: "Step 3 – Batch Order is sent to a printer, **pages** are printed." Lightning added the additional step of first printing the text on a web and then cutting pages from the web. Moreover, there can be no doubt upon looking at a book printed by Lightning that Lightning performed the step of "printing the text of said selected one of said books on paper pages." Because Claim 8 states "comprising the steps of:", one cannot avoid infringement by adding steps such as printing the text on webs of paper and then cutting the pages from the webs. *See Moleculon Research Corp. v. CBS, Inc.*, 793 F.2d 1261, 1271 (Fed. Cir. 1986).

e. The Preamble

The district court's *Markman* order found that the preamble was not a limitation. (App. D at 49a & 50a). The Panel improperly imported a temporal limitation from the specification into the preamble by requiring the preamble to "embrace[s] the totality of these limitations," namely that "upon customer review

of the stored sales information, promptly printing and binding the single copy in response to the customer's selection." (*Decision*, App. A at 23a & 24a). No fair reading of the preamble would give one of ordinary skill a clue of any temporal limitation.

The Panel's preamble construction improperly limits the method to printing one and only one copy of a book. Lightning has repeatedly admitted it prints one book at a time, as shown on its web site, which touts "In one week, we craft 70,000+ books, *one at a time.*"; "We Help You Succeed – One Book At A Time"; "10 Million Books – One At A Time – 1997 – 2003". (Federal Circuit App. A 9694).

IV. THIS CASE IS A GOOD VEHICLE FOR RESOLVING THE QUESTION PRESENTED

This case presents a ripe development of the questions presented without other defenses obscuring analysis of the points raised. The district court developed the issues via its thorough and erudite 46 (forty-six) page *Markman* order. (App. D) The *Markman* order elaborately explained the district court's claim construction determinations, with extensive reference to the specification and to the background for ascertaining the claim construction. The district court did this against the background of extensive briefing and lengthy claim construction hearing.

The record is further crisp for review in that but a single claim is at issue. It is the same as the claim that was initially submitted with the original patent application. This claim does not recite highly technical terms and does not involve convoluted prosecution. Moreover the Appellants did not appeal the jury's finding that the patent was not invalid. Hence, Appellants can advance no arguments that the claim is hindered by lack of an enabling disclosure, or an unsatisfactory written description, of the invention under 35 U.S.C. § 112.

The Ross patent involves disruptive technology that is transforming the publishing and bookselling industries. Protection of the inventions of our citizens in this field is vital to our nation's economic prosperity.

Frustration of being granted the fair scope of one's invention by "specification-hugging" claim construction strangles motivation and incentive to invent. An answer to the claim construction straight jacket of the *Decision* (App. A) must be rendered now to restore Congress' intent when it enacted § 112, ¶ 2.

CONCLUSION

For the above stated reasons, ODMC respectfully urges that its petition for writ of certiorari be granted.

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CERTIFICATE OF SERVICE

I certify that, in connection with On Demand Machine Corporation v. Ingram Industries, Inc. et al., _____ was filed with the Clerk of the United States Court of Appeals for the Federal Circuit by hand delivery on September _____, 2006.

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