

## ALERT

## Federal Circuit Patent Bulletin: *EPOS Techs. Ltd. v. Pegasus Techs. Ltd.*

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September 5, 2014

*"Courts should be cautious not to shortcut [the doctrine of equivalents] inquiry by identifying a 'binary' choice in which an element is either present or 'not present.'"*

On September 5, 2014, in *EPOS Techs. Ltd. v. Pegasus Techs. Ltd.*, the U.S. Court of Appeals for the Federal Circuit (Hughes, \* Bryson) vacated-in-part, reversed-in-part, and remanded the district court's summary judgment that EPOS did not infringe U.S. Patents No. 6,266,051, No. 6,326,565, No. 6,392,330, No. 6,501,461, No. 6,724,371, and No. 6,841,742, which related to pens that digitize writing and devices for retrofitting writing surfaces so that writing can be digitally captured. The Federal Circuit stated:

Claim terms are generally given their ordinary and customary meaning as understood by a person of ordinary skill in the art. The 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." On the other hand, "it is improper to read limitations from a preferred embodiment described in the specification—even if it is the only embodiment—into the claims absent a clear indication in the intrinsic record that the patentee intended the claims to be so limited." We recognize that "the distinction between . . . interpret[ing] the meaning of a claim and importing limitations . . . into the claim can be a difficult one to apply in practice." Nevertheless, "[t]he construction that stays true to the claim language and most naturally aligns with the patent's description of the invention will be, in the end, the correct construction." . . . On appeal from a grant of summary judgment of noninfringement, "we must determine whether, after resolving reasonable factual inferences in favor of the patentee, the district court correctly concluded that no reasonable jury could find infringement." . . .

Pegasus appeals the district court's construction of "drawing implement" and "given time interval" in the '565 and '742 patents, "marking implement" in the '461 patent, and "temporary attachment" in the '051 patent. The district court erroneously construed these four terms. Because of the erroneous claim constructions, the district court erred by granting summary judgment of noninfringement of the '565, '742, '461, and '051 patents.

The '565 and '742 patents relate to digitizing writing on presentation boards. . . . The correct construction of the term "drawing implement" should include "a writing utensil that can be used alone or together with the invention." But the correct construction also should exclude the word "conventional." . . . The district court erred by importing the word "conventional" from preferred embodiments into its construction of the term. Although it is true that the specifications recite embodiments including "conventional" writing implements, there is no clear indication in the intrinsic record suggesting that the claims are limited to "conventional" drawing implements. Because the district court erred by including the word "conventional" in its construction of the term "drawing implement," we vacate its construction of the term. [B]ecause the "drawing implement" need not be "conventional," the district court erred by granting summary judgment of noninfringement. . . .

The '461 patent relates to digital pens that are portable and usable with any writing surface. . . . According to the patent, retrofitting is not trivial because of the "difficulty of attaining accurate tracking of a marking implement to capture position information that may be converted to a precision representation of text and drawings." . . . The district court construed "marking implement" as "an implement that has a marker tip (and not a pen tip)." It determined that, "while the specifications occasionally reference a 'pen' and 'pen tip,' the totality of the specifications makes clear that the patentee was merely using those terms as synonyms for a dry-erase marker." Nothing in the '461 patent limits a "marking implement" to an implement with "a marker tip (and not a pen tip)." As an initial matter, a pen or pencil—not just a "marker" or an implement with a "marker tip"—can mark surfaces. Moreover, the specification interchangeably refers to a "marking implement" as a "marker" and as a "pen." It also refers to the marking implement's tip as a "pen tip." And it teaches that the marking implement can perform an "eraser function." Given these broad disclosures, the district court erroneously construed "marking implement" to require a "marker tip" and to exclude implements with a "pen tip." Accordingly, we vacate the district court's construction of "marking implement." The district court granted summary judgment of noninfringement based on its erroneous construction of the term, finding that Pegasus "essentially seeks to extend the Patent to cover that which has been expressly excluded by the Court's construction—an implement that has a pen tip." But because a "marking implement," as used in the '461 patent, neither is limited to a "marker" nor excludes a "pen tip," we reverse the district court's grant of summary judgment. . . .

Pegasus also appeals the district court's grant of summary judgment of noninfringement of the '371 patent under the doctrine of equivalents. . . . The district court devoted only two sentences to its decision on infringement of the '371 patent under the doctrine of equivalents. It reasoned that allowing continuous ultrasound signals to be equivalents "would eliminate the intermittent limitation entirely," and that "the doctrine of equivalents cannot extend that far."

When addressing the doctrine of equivalents, a court must ask whether an asserted equivalent is an “insubstantial difference” from the claimed element, or whether it matches the “function, way, and result of the claimed element.” “Courts should be cautious not to shortcut this inquiry by identifying a ‘binary’ choice in which an element is either present or ‘not present.’” . . . Here, the district court “shortcut” the inquiry by identifying a binary choice (continuous or intermittent) that is not compelled by the ‘371 patent and the record evidence. The district court’s decision does not consider the functioning of the EPOS Products as part of its determination on infringement by the doctrine of equivalents. Additionally, the decision does not consider Pegasus’s expert declaration explaining why the EPOS Products’ signals are equivalent to the claimed intermittent ultrasound signal. The district court should have more thoroughly considered whether a reasonable jury could conclude that intermittent and continuous signals are equivalent, rather than just “shortcutting” its analysis. Accordingly, we vacate the district court’s grant of summary judgment of noninfringement under the doctrine of equivalents so that the district court may reconsider this issue on remand.