Appellant's Brief

**BRIEF OF APPELLANTS
HERBERT MARKMAN AND POSITEK, INC.**

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

- - - - - - - - - - - -

No. 92-1049

**HERBERT MARKMAN and
POSITEK, INC.,**

Plaintiffs-Appellants,

v.

**WESTVIEW INSTRUMENTS, INC. and
ALTHON ENTERPRISES, INC.,**

Defendants-Appellees.

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

THE HONORABLE MARVIN KATZ

Eckert Seamans Cherin & Mellott
William B. Mallin
Lewis F. Gould, Jr.
Timothy P. Ryan
Brian M. Martin
600 Grant Street, 42nd Floor
Pittsburgh, PA 15219
(412) 566-6000

and

1700 Market Street, Suite 3232
Philadelphia, PA 19103
(215) 563-8020

Attorneys for Appellants
Herbert Markman and Positek, Inc.

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

HERBERT MARKMAN and
POSITEK, INC.,

Plaintiffs-Appellants, No. 92-1049

v.

WESTVIEW INSTRUMENTS, INC. and
ALTHON ENTERPRISES, INC.,

Defendants-Appellees.

TABLE OF CONTENTS

TABLE OF CONTENTS (continued)

TABLE OF CASES, STATUTES AND OTHER AUTHORITIES

CASE LAW: **Page**

TABLE OF CASES, STATUTES AND OTHER AUTHORITIES (cont.)

CASE LAW: **Page**

RULES: **Page**

CERTIFICATE OF INTEREST

Pursuant to Rule 47.4 of the Rules of Practice before the United States Court of Appeals for the Federal Circuit, Counsel for Appellants, Herbert Markman and Positek, Inc., certify the following:

1. The full name of every party represented by the below-identified counsel is:

Herbert Markman; and

Positek, Inc.

2. Positek, Inc. does not have a parent company, subsidiary or affiliate that has issued shares to the public.

3. The names of all law firms and the partners and associates that appeared for Herbert Markman and Positek, Inc. in the trial court are:

Eckert Seamans Cherin & Mellott
600 Grant Street, 42nd Floor
Pittsburgh, PA 15219

Partners:

William B. Mallin
Timothy P. Ryan

Associates:

Frank Bozzo

Eckert Seamans Cherin & Mellott
1700 Market Street, Suite 3232
Philadelphia, PA 19103

Partners:

Lewis F. Gould, Jr.

4. The names of all law firms and the partners and associates that are expected to appear in this Court on behalf of Herbert Markman and Positek, Inc. are:

Eckert Seamans Cherin & Mellott
600 Grant Street, 42nd Floor
Pittsburgh, PA 15219

Partners:

William B. Mallin
Timothy P. Ryan

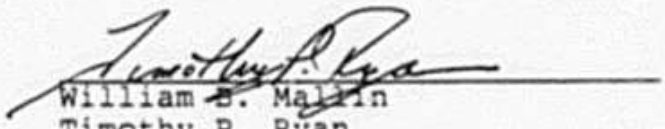
Associates:

Brian M. Martin

Eckert Seamans Cherin & Mellott
1700 Market Street, Suite 3232
Philadelphia, PA 19103

Partners:

Lewis F. Gould, Jr.



William B. Mallin
Timothy P. Ryan

Dated: January 3, 1992

STATEMENT OF RELATED CASES

(1) No other appeal in or from the same civil action or proceeding in the lower courts or body was previously before this or any other appellate court under the same or similar title.

(2) The following cases pending before courts other than this Court may be affected by this Court's decision:

(a) Herbert Markman and Positek, Inc., v. Core Image Systems, Inc., and D & J Cleaners, Inc., in the United States District Court for the District of New Jersey, CA No. 91-1545 (AET); and

(b) Herbert Markman and Dry Cleaning Computer Systems, Inc. v. J & H Systems, Inc. and Imperial Drycleaners, Inc., in the United States District Court for the Western District of Pennsylvania, CA No. 91-0169.

STATEMENT OF JURISDICTION

(a) The statutory basis for jurisdiction of the trial court is 28 U.S.C. § 1338(a).

(b) The statutory basis for jurisdiction of this Court is 28 U.S.C. § 1295(a)(1).

(c) The appeal is timely as the Notice of Appeal was filed with the Clerk of the District Court within 30 days after the date of entry of the judgment appealed from in conformity with Rule 4(a)(1) of the Federal Rules of Appellate Procedure.

STATEMENT CONCERNING ATTORNEYS' FEES

There is no claim for attorneys' fees being made in this brief.

I. STATEMENT OF THE ISSUE PRESENTED FOR APPEAL

Whether the Court erred in granting defendants' motion under Fed. R. Civ. P. 50 to set aside the jury's verdict that the accused system infringed the patent in suit when the verdict was reasonable and supported by the evidence presented at trial.

II. STATEMENT OF THE CASE

A. Introduction

Plaintiffs appeal from the trial court's astonishing order and opinion belatedly granting defendants' motion for a directed verdict and setting aside the jury's verdict that the defendants' inventory control and reporting system infringes plaintiffs' patent.[1] Simply stated, the motion for a directed verdict should have been denied readily as the jury's verdict was not only supported by the evidence presented at trial, but compelled by it. After casting aside the evidence, however, the court found that the accused device does not infringe plaintiffs' patent.

The court's decision to set aside the jury verdict reflects an improper intrusion by the court into the domain of the jury and an abridgement of plaintiffs' constitutional right to jury trial. Indeed, the court dissolved the jury verdict only after usurping the traditional jury functions of weighing the evidence and resolving conflicts in the testimony.

---

[1]The Honorable Marvin Katz's ("Judge Katz") order, memorandum and the accompanying judgment setting aside the jury verdict are attached to this brief and the memorandum is hereinafter cited as the "Opinion."

Unfortunately, the product of the court's foray into the realm of the jury was punctuated by an erroneous interpretation of the patent, a mistaken understanding of the accused device and an incorrect conclusion that the accused system does not infringe the patent in suit. The court's opinion cannot be squared with the evidence in the trial record and hardly legitimatizes the extraordinary act of nullifying the jury's verdict. While it is important that the trial court's flawed analysis was wrong and failed to grasp the patent or the evidence, the critical point on this appeal is that the court had no power or authority to override the reasonable jury verdict of infringement which was supported by substantial, indeed overwhelming, evidence. The infringement issue was for the jury, which has spoken.

The law is well settled that a motion for a directed verdict must be denied if the jury's verdict is reasonable and supported by the evidence presented at trial. When faced with such a motion, it is not the court's function to reweigh the evidence or to substitute its judgment of the evidence for that of the jury. Rather, the sole question to be resolved by the court when presented with such a motion is whether the jury's verdict was reasonable. The record demonstrates that the jury's verdict of infringement was reasonable and supported by substantial evidence. Plaintiffs request that this Court reinstate the jury verdict.

B. The Parties

Plaintiff-Appellant Herbert Markman ("Markman") is the inventor and owner of an important patent for an inventory control and reporting system (Joint Appendix at 1014, 873) (hereinafter "A ___"). The patent, known as United States Re No. 33,054 ("'054 Patent" or "patent in suit"), is described below. Plaintiff-Appellant Positek, Inc. holds the exclusive license to manufacture and market the inventory control and reporting systems covered by the patent for the dry cleaning industry (A873-74; A1580-85).[2] Defendant-Appellee Westview Instruments, Inc. ("Westview") has been and is presently manufacturing and selling, and Defendant-Appellee Althon Enterprises, Inc. ("Althon") has been and is presently using, an inventory control and reporting system, known as the Datamark and Datascan system (sometimes referred to as the "accused system") (A193-194; A56; A39), which infringes Claims 1 and 10 of the patent in suit, as found by the jury (A650).

C. The Patent In Suit

The patent in suit is for an inventory control and reporting system (A1014-22). Markman originally applied for his patent on April 13, 1984 and was issued United States Patent No. 4,550,246 for his invention on October 29, 1985 (A1571; A1014). Markman subsequently licensed his patent for application in the

---

[2]While the present appeal involves the application of the patent to inventory control and reporting systems in the dry cleaning industry, the patent is not limited to that industry.

dry cleaning industry to Dry Cleaning Computer Systems ("DCCS"), now known as Positek (A873-74; A1580-85).

The validity of the original patent was challenged by a competitor of DCCS which instituted suit against Markman and DCCS seeking a declaratory judgment that the patent was invalid (A903; A1763-69). The original patent was submitted to the United States Patent and Trademark Office for reexamination in light of additional prior art cited by DCCS's competitor (A896-97). Upon reconsideration of the patent in view of the cited prior art, on September 12, 1989, the Patent Office not only confirmed the validity of the original patent, but also issued Markman the '054 patent which contains even broader claims than were encompassed in the original patent while retaining all of the original claims (A1014-22; A895-96).

The '054 Patent claims an inventory control and reporting system (A1014-22) (See generally, testimony of expert Chovanes A760-82). It calls for a data input device for entering data concerning the subject of each sequentially entered transaction (A1021-22). This data is recorded by a data processor which will associate unique indicia (e.g., a unique number) with each transaction (A1021-22). For each transaction, the data processor directs a printer to generate a printed record (a ticket) which includes optically detectable bar codes representing the unique identifier of the transaction (A1021-22). These bar codes can be read by an optical scanner which is part of the system (A1021-22). Accordingly, when the object of the transaction is retrieved from inventory, the scanner can be

used to read the unique bar-code identifier to indicate to the system that the object is being removed from inventory, without the effort or risk of error involved in manually keying the number (A1021-22; A1018).

In the case at bar, plaintiffs alleged and the jury found that Westview has manufactured and sold and Althon has used inventory control and reporting systems which infringe claims 1 and 10 of the '054 Patent effective October 29, 1985 (A650). Claim 1 of the '054 Patent is an independent claim and defines Markman's invention as follows:

> a data input device for manual operation by an attendant, the input device having switch means operable to encode information relating to sequential transactions, each of the transactions having articles associated therewith, said information including transaction identity and descriptions of each of said articles associated with the transactions;
>
> a data processor including memory operable to record said information and means to maintain an inventory total, said data processor having means to associate sequential transactions with unique sequential indicia and to generate at least one report of said total and said transactions, the unique sequential indicia and the descriptions of articles in the sequential transactions being reconcilable against one another;
>
> a dot matrix printer operable under the control of the data processor to generate a written record of the indicia associated with sequential transactions, the written record including optically-detectable bar codes having a series of contrasting spaced bands, the bar codes being printed only in coincidence with each said transaction and at least part of the written record bearing a portion to be attached to said articles; and
>
> at least one optical scanner connected to the data processor and operable to detect said bar codes on all articles passing a predetermined station;
>
> whereby said system can detect and localize spurious additions to inventory as well as spurious deletions therefrom.

(A1021-22).

Claim 10 of the '054 Patent is a dependent claim. Claim 10, effective October 29, 1985, claims the following:

> The system of claim 1, wherein the input device is a keyboard having alpha-numeric keys, and also having keys specific to a plurality of common attributes of the articles and common optional attributes of the sequential transactions, said common attributes being recorded using single key strokes.

(A1022).

Central to this appeal is the court's erroneous interpretation of the second paragraph of claim 1 which claims "a data processor including **memory operable to record said information** and means to maintain an inventory total" (A1021) (emphasis added). "Said information" is defined in the first paragraph of claim 1 as the "transaction identity and descriptions of each of said articles associated with the transactions" (A1021). The unchallenged testimony at trial was that this provision requires a data processor with sufficient memory to record or print a description of articles. See pp. 30-34, infra. As applied in the dry cleaning industry, "articles" can reasonably be interpreted as articles of clothing (A763-68). Thus, as applied to the dry cleaning industry, the patent requires memory operable to record a transaction identifier (i.e., an invoice number) and a description of articles (i.e., articles of clothing) (A763-68).

Claim 1 also requires a data processor with "means to maintain an inventory total" (A1021). The term "inventory" is not defined in the patent. While there was significant debate at trial among counsel regarding the meaning of the term "inventory," the trial witnesses agreed that, as conventionally

used and understood in the dry cleaning industry, "inventory" may refer to an inventory of clothing or an inventory of invoices with associated dollar amounts (A924-25; A782).

Animating the court's decision to upset the verdict was its opinion that "inventory means articles of clothing" (Opinion at 5; A7) and that the patent requires the data processor to retain in inventory a description of articles of clothing (Opinion at 6; A8). The patent, however, only requires a "means to maintain an inventory total" (A1021). Insofar as descriptions are concerned, the claims plainly state that these are recorded. The plain language of the patent, as well as the uncontested evidence at trial was that "inventory" is not limited to descriptions of articles of clothing, but may also include other types of inventory such as an inventory of invoices and associated dollar amounts (A924-25; A782).

Upon consideration of the patent and the accused device, the jury found that the collective elements and features of Westview's systems and equipment infringe claims 1 and 10 of the patent in suit (A650). The following is a review of the evidence presented to the jury regarding the elements and features of the accused system.

D. <u>The Accused System: Datamark and Datascan</u>

In a clear departure from the evidence introduced at trial, the court described defendants' system as a "rudimentary invoice printer, like a cash register that produces a receipt, one copy of which is handed to the customer, while the other copy is attached to batches of clothing" (Opinion at 7; A9). This

mistaken depiction of the accused device is absolutely belied by the evidence, and there was no reason for the jury to adopt it.

Marketed as "America's First Choice for Inventory Control" (A1587) and as providing a "complete laundry and drycleaning inventory to be stored within a single unit" (A1061), the accused system is a sophisticated inventory control and reporting system which includes a data processor with a memory operable to record descriptions of articles of clothing and a means to maintain an inventory of invoices and their associated dollar amounts (A713-29; A918-31; A1097-98; A1587-1602; A1099-1100; A1096-97; A1586; A1029-57).[3]

The evidence presented at trial concerning the features and capabilities of the accused system was extensive and included several demonstrations of the accused system (A715-29; A920-22); the testimony of Westview's president, Mr. Jenkins (A911-35); the

---

[3]In inaccurately describing the accused system as a "cash register," the court simply ignored Westview's admissions that its system and equipment is an inventory control system. In its Operator's Manual Westview states that, "And when used with the popular DATASCAN Bar Code Reader, Datamark becomes an even more effective inventory-control device." (A1061). Moreover, since its inception and throughout the course of this litigation, Westview has referred to its infringing system and equipment as an "inventory control and reporting system." In its opposition to Plaintiffs' Motion for Reconsideration, filed July 9, 1991, Westview alleged that plaintiffs' patent was invalid because Westview was first to develop "a dry cleaning inventory control and reporting system" (A114) (emphasis added). During his deposition which was read into evidence at trial, Westview's president, Mr. Jenkins explained that Westview's system was an "inventory control and reporting system" (A923-25) (See also A56; A727). Westview belatedly adopted the designation "invoice control and reporting system" in a meager effort to semantically distinguish its infringing system from that described in plaintiff's patent. It is but one of a number of contrivances to which Westview resorts.

testimony of plaintiffs' technical expert Mr. Mikula (A709-41); and the accused system's operating manuals, brochures and computer programs (A1029-1057; A1058-1094; A1095-96; A1587-1602; A1097-1098; A1099-1100; A1101-1248; A1249-1570).[4] What emerged from the evidence is a portrait of an inventory control and reporting system which infringes the literal language of Claims 1 and 10 of the patent in suit.

The accused system is comprised of two separate pieces of equipment manufactured and sold by Westview under the "Datamark" and "Datascan" trademarks (A1058-1094; A1587-1602). Datamark and Datascan function as an inventory control and reporting system designed for the laundry and dry cleaning industry (A1061).

---

[4]Perhaps the most blatant example of the court's inclination to substitute its view of the evidence for the jury's was its comment regarding the accuracy of the accused system's user's manuals. While defendants never contended during this litigation that the user's manuals were somehow inaccurate, the court, without any evidentiary basis, determined that the user's manuals trumped up or overstated the accused system's capabilities:

> While it may be true that defendants' sales or instructions literature exaggerated its system's capabilities, spurious advertising claims for defendants' products do not a patent infringement case make.

Opinion at 6 (A8) (citations omitted).

Even if defendants had contested the accuracy of their user's manuals, such would raise an issue for the finder of fact, the jury. Defendants, however, did not dispute the accuracy of the user's manuals. The court's reliance on this totally unsupported finding of fact is, at best, an improper basis to vacate the jury's verdict. All the evidence was before the jury and it was the jury's province to weigh the evidence.

Westview's infringing inventory control and reporting system generally includes data entry means, a data processor, a printer and an optical scanner. The Datamark is a stationary unit having the following basic components:

(1) a data input device;

(2) a data processor including a memory to record information and a means to maintain an inventory total; and

(3) a dot matrix printer operable under the control of the data processor to generate a written record of the customer transaction including optically detectable bar codes.

(A1058-94; A714-22).

The Datascan is a portable unit containing:

(1) a data processor including a memory to record information and a means to maintain an inventory total; and

(2) an optical scanner, connected to the data processor, operable to detect the bar codes.[5]

(A1587-1602; A714-15; A722-29).

As presented and described to the jury, the accused

---

[5]During the discovery phase of this litigation, Westview described its system as including:

> a keyboard, a microprocessor and a printer capable of printing pricing information for drycleaning and a bar code. The function of the keyboard is to cause the inventory control unit to perform those functions which the operator wishes it to perform, such as displaying, storing and printing information related to drycleaning. The function of the microprocessor is for information storage and retrieval. The bar code is printed along with other information relating to a specific drycleaning order and is a representation of the invoice number that is printed after the invoice number is printed on the invoice.

(A132).

inventory control and reporting system is used as follows. When a customer brings dry cleaning into a dry cleaning establishment which uses the Datamark/Datascan system, the attendant inserts a ticket into the Datamark printer (A1065-66). Using the numeric key pad, the operator types in a customer number or a strip tag number (A1066; A715). The operator then presses the "enter" key and the computer generates a sequential invoice number and other information which is printed on the ticket. (A1066).

The Westview system is now prepared to accept descriptions of individual garments into its memory (A1066). The operator registers the articles of clothing into the system's memory by pressing keys found on the Datamark terminal key pad which correspond to the clothing presented to the operator (A1066-68; A715-16; A920-22). The keys correspond to the general types and colors of garments that may be brought in by the customer (A1066-68; A715-16; A920-22). As the attendant presses appropriate keys for a particular garment, the garment description appears on the Datamark display screen for the operator's verification (A1066; A715-17; A920-22). If the garment is accurately described on the display screen, the attendant presses the "enter" key and the "data on display is now saved in the Datamark memory and printed on the laundry/drycleaning ticket" (A1067).

As was demonstrated to the jury by Mr. Mikula, a technical expert, and by Mr. Jenkins, Westview's president, because the description of the articles of clothing presented are stored in the accused system's memory, the operator can go back

and delete one or more of those items (A721; A921-22). Mr. Jenkins, in the following exchange, verified that the Datamark stores in its memory descriptions of articles of clothing:

> Q. If I'm following you correctly, you printed those two items [garments] on the ticket, they've already been printed and yet you can go into memory and bring out on the display screen the description of each of those items?
>
> A. It's stored in a buffer until the ticket is printed.
>
> Q. But it's there in the memory to be brought up?
>
> A. That's correct. There would be no way of getting it otherwise to the printer.
>
> Q. That's the point. It goes in the memory as a way of recording the ticket what the items are?
>
> A. Correct.

(A921).

When the operator of the Westview system presses the "Total" key, the system totals the charges and prints on the ticket a total along with an optically detectable bar code associated with the sequential invoice number generated by the Datamark system (A1062; A721). Once the ticket is ejected, the "invoice number, the corresponding date and the ticket total are saved in Datamark memory" (A1076) (See also A721).[6]

---

[6]Contrary to the uncontested trial testimony and the unchallenged descriptions contained in Westview's brochures and operating manuals that the accused system has a memory operable to record descriptions of articles of clothing and thereafter an inventory of invoices and associated dollar amounts (A719-27; A920-35; A1058-94; A1587-1602), the court made the following incredible finding of fact: "Defendants' device has no memory of a transaction after it prints the invoice" (A9). This finding is clearly contrary to the trial testimony and demonstrates the extent to which the trial court was willing to disregard the [Footnote Continued]

The utility of the system's capacity to maintain an inventory of this information in the dry cleaning industry is explained in the Datamark user's manual:

> An invoice listing is an extremely powerful management tool, providing a daily, monthly, or complete print-out of these invoice numbers, customer numbers, departments, and ticket totals. In addition, DATAMARK PLUS can "search" the invoice records for a particular invoice number, customer number, or department. This feature allows the operator to obtain, for example, an invoice listing of old or "dead" inventory, a print-out of invoices outstanding for a particular customer, or an invoice listing for all laundry or drycleaning sent along a specific route.

(A1076).

The Datascan unit is used with the Datamark unit in the following way:

> The Datamark Lister prints an invoice number and a bar code on each laundry/dryclean ticket processed. The Lister then stores in its computer memory the invoice number and the ticket cash total (up to 500 invoices). When this memory is full (or on a daily basis), all invoices are transferred to Datascan memory, which can hold an incredible 8000 invoices.[7] After a customer pays for his order, his paid invoice can then be removed from the Datascan record by simply "wanding" the bar code on the paid invoice. Any invoices that are left in the Datascan record are unpaid and, therefore, must be in inventory. After a physical inventory is taken, by simply "wanding" the bar codes on each invoice hanging on line, Datascan will find all "extra" invoices and "missing" invoices, compute the inventory cash total, and provide a printed record.

(A1098) (See also A724-25).

---

evidence presented at trial.

[7]The data entered into the Datamark memory is transferred to the Datascan by way of a cable that permits such a transfer (A1592).

At the request of the operator, the Datascan unit produces from its memory various reports, including an "Invoice Listing" report (a listing of all invoices created in a given time period), an "Invoices Removed" report (a list of invoices removed from the Datascan memory) and an "Inventory" report (A1098; A1594-1601). When generated by Datascan, the "Inventory" report contains the following information:

> "Listed Invoices": invoices that were in the inventory and were also in the Datascan record;
>
> "Extra Invoices": invoices that were in inventory but not in the Datascan record; and
>
> "Missing Invoices": invoices that should be in inventory, since they were listed in the Datascan record.

(A1061).

The evidence presented at trial established that the claims of the patent read on the accused system as follows:

What The Patent Claim Requires	What The Datamark/Datascan Has
1. A data input device	The Datamark keyboard
2. A data processor including memory operable to record said information; and	Datamark's data processor which stores in its memory a description of articles of clothing and records this information on the ticket. The descriptions remain in memory until the invoice recording is completed
Means to maintain an inventory total	Datamark and Datascan's invoice and dollar inventory control and reporting

3.	A dot matrix printer which generates a written record and optically detectable bar codes	A dot matrix printer which generates a written record and optically detectable bar codes
4.	An optical scanner connected to the data processor	An optical scanner connected to the data processor
5.	A means to detect and localize spurious additions and deletions from inventory	The Datascan "Inventory" reports which identify "extra" and "missing" invoices

(A1014-22; A1058-94; A713-29; A1587-1602; A744-48; A756-852).

The evidence furnished a fully adequate basis for the jury to conclude that the accused system infringes the patent in suit.[8] Nevertheless, the court improperly reweighed the evidence and reached a contrary conclusion.

E. The Lawsuit and the Trial

On February 12, 1991, plaintiffs commenced a civil action in the United States District Court for the Eastern District of Pennsylvania wherein they accused defendants of willfully infringing the '054 Patent by manufacturing and selling (with respect to Westview) and using (with respect to Althon) the Intamark and Datascan system (A37-53). In their lawsuit, plaintiffs sought actual damages, treble damages, attorneys' fees and costs, and injunctive relief (A37-53). On May 1, 1991,

---

[8]While the jury rendered a general verdict that the accused system infringed the patent, the law presumes that the jury made all the necessary specific factual findings to support its verdict. Perkin-Elmer Corp. v. Computervision, 732 F.2d 888, 893, 221 USPQ 669, 673 (Fed. Cir.), cert. denied, 469 U.S. 857 (1984).

Westview filed its Answer to the Complaint, but was permitted to amend it only days before trial (A54-59; A618-24).

After the court enforced an oppressively abbreviated discovery schedule, on September 24, 1991 a jury was impaneled and a trial was commenced before Judge M. Katz (A656-59). Over the objections of plaintiffs, during the middle of the third day of trial, Judge Katz ordered the lawsuit to proceed on what was effectively a trifurcated basis, with infringement, validity and damages to be tried separately (A858-63). Judge Katz had previously denied plaintiffs' motion to bifurcate the trial into liability and damages phases (A341).

On the issue of infringement, plaintiffs' presented to the jury the testimony of four witnesses: **John Mikula**, an expert on computer equipment, computer matters and bar code technology, who testified concerning the operation, capacity and function of the accused system and demonstrated Westview's system to the jury (A703-41); **Eugene Chovanes**, an expert on patents, who interpreted the claims of the patent and testified on how the claims of the patent read on the accused system (A741-852); **Herbert Markman**, the inventor (A870-910); and **Donald Pfingstler**, an expert on the analysis of business and financial records (A864-70). The testimony of these witnesses, documents, including the accused system's operating manuals, brochures, computer program and the accused system itself were presented to the jury and received into evidence.

After the close of plaintiffs' infringement case-in-chief, defendants filed a motion for a directed verdict pursuant to Fed. R. Civ. P. 50 (A910). Judge Katz deferred ruling on the motion (A910).

Defendants called a single witness during the infringement portion of the trial, Mr. Jenkins, president of Westview. Mr. Jenkins' testimony was limited to his description of the features of the accused device (A911-35). Significantly, defendants did not offer to the jury a single witness to rebut the testimony of Mr. Chovanes regarding the meaning of the patent claims and the fact that the patent claims read literally on the accused device. Indeed, Mr. Jenkins testified that he had a "difficult time" with the language of patents, and did not offer any opinion regarding the interpretation of the patent or its claims (A919).

After the conclusion of the testimony of their single witness, defendants renewed their motion for a directed verdict (A936). Again, the court deferred ruling on the motion (A936).

Thereafter, counsel gave their closing statements and the court charged the jury on the infringement issue. The court's charge to the jury instructed on the burden of proof (A965-68), and the requirements of infringement, including a description of literal infringement and the doctrine of equivalents (A968-77). After the court defined and interpreted the relevant claims of the patent in suit (A969-73), it instructed the jury to:

> determine the meaning of the claims taking the interpretation as I've explained it [sic] to you using the relevant patent documents including the specifications, the drawings and the file histories. . . .
>
> After you've decided what the claims mean, you apply the claims as interpreted to the Westview productions [sic, products] in question to determine if the claims read on them.

(A974-75).

After its deliberations, the jury returned a general verdict finding that the accused system infringes claims 1 and 10 of the patent in suit (A650). The jury also found that the accused system did not infringe claim 14 of the patent in suit (A650).[9]

As the parties were preparing to move into the next phase of the trifurcated trial, Judge Katz granted the defendants' motion for a directed verdict and set aside the jury's verdict of infringement as to claims 1 and 10 and let stand the jury's verdict of non-infringement as to claim 14 (A1-9).

F. The Court's Opinion

Sitting at the heart of the court's decision to set aside the jury's infringement verdict was its substitution of its strained interpretation of the patent's claims and its mistaken understanding of the accused device. Contrary to the plain

---

[9]Plaintiffs also alleged that the accused system infringed claim 14 of the patent in suit which was effective September 12, 1989. The jury, however, found that defendants' system infringed only claims 1 and 10. The jury's verdict finding that the accused system did not infringe claim 14 of this '054 patent, a claim broader than claim 1, is not surprising as the focus of the trial testimony, the argument of counsel, and the court's instruction was on claims 1 and 10.

language of the patent, not to mention the uncontroverted evidence introduced at trial, the court held that the patent claims describe an inventory control and reporting system with a data processor which stores and maintains throughout in its memory, indefinitely, an inventory of descriptions of articles of clothing. The court concluded that because the accused system does not maintain such an inventory of a description of each article of clothing, it does not infringe the patent. (Opinion at 5; A7.)

Disregarding the trial testimony and other evidence, the court interpreted the claims of the patent as follows:

> • A system, like defendants', which does not have **memory operable to record and store and later use information about clothing articles** does not infringe the patent-in-suit.

(Opinion at 5; A7) (emphasis added).

> • Claims 1 and 10 define a system that includes a data processor, or a computer, **which has sufficient memory to record information about sequential transactions, including the identity and descriptions of articles of clothing involved,** and which also has the means or ability to generate at least one report of inventory total and transaction totals in which the unique sequential indicia, or invoice number, **and the description of the articles in the transaction can be reconciled against one another.**

(Opinion at 5; A7) (emphasis added).

> • Inventory means articles of clothing. **The patent claims track articles of clothing by using computer memory.**

(Opinion at 7; A9) (emphasis added).

> • Plaintiffs' patent claims are for a sophisticated inventory control device **tracking individual articles of clothing.**

(Opinion at 7; A9) (emphasis added).

- Plaintiffs' claims are for a device with computer memory storing descriptions of the clothing.

(Opinion at 7; A9) (emphasis added).

In addition to rewriting the language of the patent claims, the court totally ignored the testimony of plaintiffs' expert regarding the proper interpretation of the claims of the patent. (Opinion at 3; A5). The court stated that interpretation of patent claims is a matter of law exclusively for the court to determine and, therefore, expert testimony is not "helpful."[10] (Opinion at 4; A6). In assigning no weight to the expert's testimony, the court criticized the expert's analysis of the claims as the product of assigning strained meanings to the words of the patent. (Opinion at 3; A5).

After concluding that the patent requires the maintenance of an inventory of articles of clothing, the court concluded that because the accused system did not possess a memory to maintain such an inventory it could not infringe the '054 patent. (Opinion at 7; A9).

---

[10] It is ironic that the court ultimately dismissed Mr. Chovanes' testimony as not "helpful" in light of the court's confessed unfamiliarity with patent law and the case before it. Indeed, the court expressed to the jury its hope that the jury was "more an expert in patents than I am" (A654). Specifically referring to the propriety of Mr. Chovanes' testimony, the court exclaimed "I'll hear the testimony. I can use all the help I can get." (A763). To make these statements, hear the testimony, and later describe the testimony as "not helpful" seems disingenuous, at best. Obviously, after the testimony was admitted, the helpfulness and weight of the testimony was for the jury.

The court's interpretation of the claims of the patent in suit and its description of the features of the accused system are contrary to the evidence presented at trial. The jury's verdict of infringement, on the contrary, was reasonable and supported by substantial and uncontroverted evidence. The jury verdict should be reinstated.

III. SUMMARY OF THE ARGUMENT

It is well settled that a jury verdict must be upheld over a motion for a directed verdict if the verdict is reasonable and supported by the evidence presented at trial. The record in the case at bar demonstrates that the jury's verdict was reasonable, supported by the evidence and should be reinstated.

In setting aside the jury's verdict, the court ignored and reweighed evidence and drew unsupported inferences and conclusions from the evidence. As a result, the court applied an erroneous interpretation of the claims of the patent to a mistaken understanding of the accused system and incorrectly concluded that the accused device does not infringe the patent in suit.

Rather than reweighing the evidence, on a motion for a directed verdict, the court must expose the evidence to the strongest light favorable to the verdict-winner and give him the advantage of every fair and reasonable inference. Such a motion may only be granted if, as a matter of law, the record is critically deficient of that minimum quantity of evidence from which a jury might reasonably afford relief. It is plain from

the record that the court failed to apply this standard to the evidence presented at trial. See pp. 24-26, infra.

The court's Opinion reflects two fundamental misconceptions concerning the claims of the patent. First, the court interpreted the claims as requiring the data processor to be capable of storing in its memory for later use an inventory consisting of descriptions of individual articles of clothing. Second, the court mistakenly concluded that the claims of the patent require bar codes to be attached to individual articles of clothing. The court's interpretation of the claims is contrary to the plain meaning of the claims and the evidence presented to the jury. See pp. 26-46, infra.

The uncontested evidence supported and the jury was entitled to find that claim 1 of the '054 Patent requires a memory operable to record or print information regarding articles and that the accused system possess such a memory. The court's conclusion to the contrary was a product of reweighing evidence: an exercise clearly beyond the proper scope of review on a motion for a directed verdict. See pp. 26-32, infra.

The patent in suit requires the system to "maintain an inventory total." Contrary to the uncontradicted evidence presented at trial, the court concluded that "inventory" means "articles of clothing" and that unless the accused system maintained an inventory of descriptions of articles of clothing, it did not infringe the patent. The court correctly held that the accused system does not maintain such an inventory but incorrectly concluded that the accused device does not infringe

the patent in suit. The uncontested trial evidence, including the testimony of Westview's president, demonstrates that the jury was reasonable in finding that the patent in suit does not require the system to maintain an inventory of descriptions of articles of clothing, only some type of inventory total. Moreover, the evidence supports the jury's conclusion that the accused system maintains an inventory in its memory. The court's conclusion to the contrary was the product of ignoring evidence and reweighing other evidence and was clearly beyond the proper scope of review on a motion for a directed verdict. See pp. 32-38, infra.

Finally, the court incorrectly interpreted the patent in suit as requiring the system to "track" articles of clothing, which are individually assigned bar codes, through the dry cleaning process. First, "tracking" is not required; what is required is detection of bar codes on all articles passing a predetermined station. Second, the claim does not require that individual "articles of clothing" be coded and processed; what is required is that either articles or batches of articles be coded. The jury was reasonable in finding that the accused system processes invoices associated with batches of articles and permits the user to detect said bar codes on articles passing a predetermined station. See pp. 38-46, infra.

The jury's verdict was reasonable and supported by substantial uncontradicted evidence. The court exceeded the proper scope of review on a motion for a directed verdict by

reweighing evidence and finding facts. The jury's verdict should be reinstated.

IV. ARGUMENT

THE TRIAL COURT ERRED BY SUBSTITUTING ITS UNSUPPORTED FINDING OF NON-INFRINGEMENT FOR THE JURY'S VERDICT OF INFRINGEMENT WHICH WAS SUPPORTED BY SUBSTANTIAL EVIDENCE.

A court should not discard a jury's verdict by granting a motion for a directed verdict unless the facts and circumstances point so strongly in favor of the moving party that no reasonable person could have reached the result found by the jury. If a jury's verdict is reasonable, it must be upheld. To do otherwise would represent an invasion by the court of the province of the jury, in derogation of the verdict-winners' constitutional right to jury trial. Far from the evidence strongly pointing otherwise, the jury's verdict of infringement here was the only reasonable verdict supported by the evidence. The verdict should be reinstated.

A. A Directed Verdict Should Not Be Granted By the Trial Court or Sustained on Appeal When the Jury's Verdict is Supported by Substantial Evidence.

When faced with a directed verdict, a court is required to uphold the jury's verdict if the evidence supplies an adequate basis upon which a reasonable jury could have reached the verdict reached by this jury. Tol-O-Matic, Inc. v. Proma Product-Und Marketing Gesellschaft, 945 F.2d 1546, 1549, 20 USPQ 2d 1332 (Fed. Cir. 1991). In resolving a motion for a directed verdict a trial judge:

> (1) must consider all the evidence in a light most favorable to the non-mover, (2) must not determine credibility of witnesses, and (3) must not substitute his or her choice for the jury's in finding facts, drawing inferences, or deciding between conflicting elements in the evidence.

Orthokinetics, Inc. v. Safety Travel Chairs, 806 F.2d 1565, 1571, 1 USPQ 1081, 1085 (Fed Cir. 1986) (quoting DMI, Inc. v. Deere & Co., 802 F.2d 421, 425, 231 USPQ 276, 278 (Fed. Cir. 1986).

If the jury's verdict is reasonable, it must be upheld. Sun Studs, Inc. v. ATA Equipment Leasing, Inc., 872 F.2d 978, 985, 10 USPQ 2d 1338, 1344 (Fed. Cir.), vacated, in part, on other grounds, 11 USPQ 2d 1479 (Fed. Cir.), reinstated, 892 F.2d 73 (Fed. Cir. 1989). As this Court has instructed:

> To convince this court that a trial judge erred in granting a motion for JNOV[11], an appellant need only show that there was substantial evidence to support the jury's findings and that those findings can support the jury's legal conclusions.

Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F.2d at 1571, 1 USPQ 2d at 1085. See also, Tol-O-Matic Inc. v. Proma Product-Und Marketing Gesellschaft, 945 F.2d at 1549. ("The jury's verdict must stand unless the evidence is of such quality and weight that reasonable persons in the exercise of impartial judgment could not have returned that verdict."); Railroad Dynamics, Inc. v. Stucki Co., 727 F.2d 1506, 1513, 220 USPQ 929, 937 (Fed. Cir.), cert. denied, 469 U.S. 871 (1984) (If the "court is convinced that reasonable persons could have found in light of

---

[11]A directed verdict and a judgment notwithstanding the verdict are reviewed under the same standard. Keith v. Truck Stops Corp. of America, 909 F.2d 743, 744-45 (3d Cir. 1990).

that evidence all the facts necessary to support the jury's verdict, denial of a motion for JNOV is required.")

The Supreme Court has also advised:

> It is not the function of a court to search the record for conflicting circumstantial evidence in order to take the case away from the jury on a theory that the proof gives equal support to inconsistent and uncertain inferences. The focal point of judicial review is the reasonableness of the particular inference or conclusion drawn by the jury. It is the jury, not the court, which is the fact-finding body. It weighs the contradictory evidence and inferences, judges the credibility of witnesses, receives expert instructions, and draws the ultimate conclusion as to the facts. The very essence of its function is to select from among conflicting inferences and conclusions that which it considers most reasonable.

Tennant v. Peoria & Pekin Union Railway Co., 321 U.S. 29, 35 (1944).

Thus, if the jury's factual findings were supported by at least substantial evidence and the legal conclusions made by the jury can be supported by those findings, then a motion to set aside the jury's verdict should be denied. Perkin-Elmer Corp. v. Computervision, 732 F.2d at 893, 221 USPQ at 673. "'Substantial' evidence is such relevant evidence from the record taken as a whole as might be accepted by a reasonable mind as adequate to support the finding under review." Id.

It is clear from the entire record that the evidence overwhelmingly supported the jury's infringement verdict. It is equally clear from the court's Opinion that the court set aside the verdict by improperly substituting its twisted view of the evidence for that of the jury. The evidence supplies a fully adequate basis on which a reasonable juror could have concluded

that the accused system infringed the patent. The jury verdict, therefore, should be reinstated.

B. The Court Improperly Substituted Its View of the Evidence for That of the Jury.

After reweighing the evidence, the court disagreed with the jury's view of the evidence and concluded that the accused device does not infringe the patent in suit. The court reached this conclusion by applying an erroneous interpretation of the claims of the patent to the accused device. The court's Opinion reflects two fundamental misconceptions concerning the claims of the patent. First, the court interpreted the claims as requiring the data processor to be capable of storing in its memory indefinitely for later use an inventory consisting of descriptions of individual articles of clothing. Second, the court mistakenly concluded that the claims of the patent require bar codes to be attached to individual articles of clothing. The court's interpretation of the claims is contrary to the plain meaning of the claim and the evidence presented to the jury, which was entitled to take a view different from the court's hindsight errors.

1. The Patent Requires Only a Memory Operable to Record Descriptions of Articles of Clothing and the Accused Devices Undeniably Possess Such a Memory.

Claim 1 requires a data processor with "memory operable to record said information and means to maintain an inventory total" (A1021). The court interpreted this provision as requiring a data processor which "stores in its memory for later

use information about clothing articles". (Opinion at 5). The claim is not so limited. The claim, in relevant portion, provides as follows:

> The inventory control and reporting system, comprising;
>
> a data input device for manual operation by an attendant, the input device having switch means operable to encode information relating to sequential transactions, each of the transactions having articles associated therewith, said information including transaction identity and descriptions of each of said articles associated with the transactions;
>
> a data processor including memory operable to record said information and means to maintain an inventory total, said data processor having means to associate sequential transactions with unique sequential indicia and to generate at least one report of said total and said transactions, the unique sequential indicia and the descriptions of articles in the sequential transactions being reconcilable against one another . . . .

(A1021) (emphasis added).

The record establishes, or at the very least the jury was entitled to find, that the claim's requirement of a "memory operable to record said information" is satisfied if the accused system possesses memory which enables the accused system to "record" or print information regarding the articles. Explaining the meaning of the claim's provision requiring a "memory operable to record said information," plaintiffs' patent expert, Mr. Chovanes, testified as follows:

> Well, here it [Claim 1] says, 'a data processor including memory operable to record said information'.
>
> It is required that the processor do remember and in fact the [accused] data processor does remember it. It remembers it until it's recorded on the ticket. Once it's recorded on the ticket, there's no need - there's

> no requirement of the claim to maintain. The word is not up in here: to maintain up in the memory operable to record information. It is not required to maintain.

(A766-77).

Mr. Markman, the inventor, testified on cross-examination similarly:

> The primary Claim, Claim 1, does not require that the system retain details as far as the articles associated with the ticket after the ticket is produced.

(A902).

Furthermore, the court's instruction to the jury regarding the required memory did not interpret the claim as requiring more than a memory operable to record descriptions of articles of clothing. The court's initial instruction to the jury regarding the requisite memory is as follows:

> Claim No. 1 for the inventory control and reporting system also comprises a data processor including **memory operable to record** said information and means to maintain an inventory total . . . .
>
> A system which does not have **memory operable to record** information about those matters that I've described including **memory operable to record** the information including the descriptions of articles in the sequential transactions being reconcilable against one another does not infringe the patent in suit.
>
> The claim also defines a system in which the data processor or computer has the memory which I just referred to and the means to record an inventory total.

(A970-71) (emphasis added).

Plaintiffs objected to this instruction to the extent the court may have left the jury with the impression that the pr nt required the system to possess memory of the articles of clothing beyond the recording or printing stage. (A981). In

apparent agreement with the objection, the court issued the following curative instruction:

> Members of the jury, if you'll look at the Plaintiff's Exhibit 1, you'll see that one of the elements of the inventory control and reporting system comprises a data processor including **memory operable to record said information** and means to maintain an inventory total, and said information refers back to the earlier part of the claim which is a data input device to encode information relating to sequential transactions, each of the transactions having articles associated therewith, said information including transaction identity and descriptions of each of said articles associated with the transactions.
>
> That's what the claim means.

(A981-82) (emphasis added).

The evidence clearly revealed that the accused system has a memory operable to record a description of articles of clothing. At trial, the infringing system was demonstrated for the jury by plaintiffs' expert, Mr. Mikula, and by the president of Westview, Mr. Jenkins (A715-27; A920-23). The demonstrations showed the jury that the Datamark system accepted descriptions of articles into its memory and stored the same until the system was directed by the operator to record said information on a report or invoice. (A715-27; A920-23). Perhaps Mr. Jenkins himself described the process best when he testified as follows:

> Q. If I'm following you correctly, you printed those two items [descriptions of articles of clothing] on the ticket, they've already been printed and yet you can go into the memory and bring out on the display screen the description of each of those items?
>
> A. It's stored in a buffer until the ticket is printed.
>
> Q. But it's there in the memory to be brought up?

A. That's correct. There would be no way of getting it otherwise to the printer.

Q. That's the point. It goes in the memory as a way of recording on the ticket what the items are?

A. Correct.

***

Q. By using the memory, the items have been recorded on the ticket?

A. That's right. They've been recorded on the ticket.

(A921-22).

Mr. Jenkins' testimony was consistent with the description of the infringing system's memory which Westview prepared and published. According to Westview's own user's manual, Westview's infringing system <u>does</u> store in its memory descriptions of individual articles taken into inventory:

> 7. Datamark is now ready to accept the garment listing. First, press the item key for the garment you are marking in. If you press a garment key labeled DRESS/GOWN, DRESS and a preset price will appear on the display screen. If you press the key again, GOWN and a new preset price will appear. . . .
>
> 8. After you are satisfied with the garment base price (1st, 2nd or 3rd), you can continue with a full garment description by using the color, fabric, and pattern keys (for example, RED and SILK). . . .
>
> 10. Once the garment, color, fabric, and price are correctly displayed, press the ENTER key. <u>**The data on the display is now saved in Datamark memory**</u> and printed on the laundry/drycleaning ticket. . . .

(A1066-67) (emphasis added).

The uncontested evidence presented to the jury was that the accused system has a data processor with memory operable to record the description of articles of clothing as is required by claim 1 of the patent in suit. Indeed, this feature of the accused device was demonstrated to the jury twice. The jury's verdict was reasonable, supported by the evidence, and should be reinstated. The issue was for the jury and the jury found in favor of plaintiffs. Judge Katz may not substitute his mistaken views for the jury's finding.

2. The Patent Requires that an Inventory Be Maintained and the Jury Found That the Accused Device Maintains an Inventory.

The patent in suit requires that the system "maintain an inventory total" (A1021). Without any evidentiary support, the court concluded that "inventory means articles of clothing" and that in order to infringe the patent, the accused device must maintain an inventory of descriptions of articles of clothing. (Opinion at 5; A7). The court concluded that the accused system does not infringe the '054 patent because it does not maintain an inventory of descriptions of articles of clothing. In the court's own words:

> Claims 1 and 10 also define a system in which the data processor has both the memory to and the means to maintain an inventory total. A system like defendants' which lacks both that memory and the means to maintain an inventory total does not infringe the patent-in-suit. **Inventory means articles of clothing, not just dollars.** To read the word inventory otherwise would lead to "semantic antics" in reading the claim that the ". . . system can detect and localize spurious additions to inventory as well as spurious deletions therefrom." It is difficult to visualize a system that would detect and localize spurious dollar deletions and additions to

> inventory. A construction of "inventory" which excludes articles of clothing in the shop would hardly be one ordinary meaning of that word. Plaintiffs' device tracks articles of clothing; defendants' device does not.[12]

(Opinion at 5-6; A7-8) (emphasis added).

The uncontested trial evidence was that the patent in suit does not require the system to keep an inventory of articles of clothing, only some type of inventory total.[13] Nevertheless, the court claimed that its interpretation of inventory is supported by the "ordinary meaning of that word." (Opinion at 6; A8). The record does not support the court nor provide a basis for rejecting the jury's finding. There is no evidence in the record that the "ordinary meaning" of the term inventory is the one seized upon by the court.

The record reflects, however, that the ordinary meaning of inventory as used in the dry cleaning industry is not limited to articles of clothing. Rather, as stated by Mr. Jenkins, "inventory" may mean dollars or it may mean articles of clothing:

---

[12]Using plaintiffs' device to interpret the claims of the patent is a wholly improper means to interpret the claims of a patent. A patent owner's commercial embodiment does not limit the scope of his patent. See, e.g., SRI International v. Matsushita Electric Corp. of America, 775 F.2d 1107, 1121, 227 USPQ 577, 586 (Fed. Cir. 1985) ("Infringement, literal or by equivalence, is determined by comparing an accused product not with a preferred embodiment described in the specification, or with a commercialized embodiment of the patentee, but with the properly and previously construed claims in suit.").

[13]Indeed, Claims 1 and 10 of the patent are not even limited to the dry cleaning industry.

> There's two types of inventory a drycleaner is concerned about. If he doesn't have an idea what it represents in what the inventory is in dollars that's cash and that's represented by dollars on the bottom of each of the laundry tickets, that's the amount of business dollars that he receives for the work that he performs for his customer.
>
> The other type of inventory that he's concerned about . . . [is] the individual articles of clothing, that's another type of inventory. If he is not careful with that type of inventory, he has a problem also. **The 'Datamark'/'Datascan' was designed to take care of the first type of inventory**.

(A924-25) (emphasis added).

Mr. Jenkins further acknowledged that his system was designed to maintain an "inventory" of cash and a list of invoices. In describing the "Inventory" report produced by the Datascan, Mr. Jenkins stated:

> That list of invoices is the list -- It's the **dollar inventory** that was found by the 'Datascan' as you went through the plant and wanded all the tickets.

(A928) (emphasis added).

Contrary to the court's conclusion that inventory must mean articles of clothing, the testimony was quite to the contrary: "inventory," as used in the dry cleaning industry, can mean either dollar inventory or articles of clothing inventory.

While there was no dispute at trial that inventory can mean dollars or articles of clothing, even if there had been such a dispute, the meaning of a disputed term of a claim is an issue of fact for the jury. Palumbo v. Don-Joy Co., 762 F.2d 969, 974, 226 USPQ 5, 8 (Fed. Cir. 1985).

In the case at hand, the witnesses all agreed that inventory means either dollars or articles of clothing. Nevertheless, the court reweighed such evidence (by assigning it absolutely no weight) and crafted a new definition of the claim. In doing so, the court exceeded the scope of its review on a motion for a directed verdict. Moxness Products, Inc. v. Xomed, 891 F.2d 890, 892, 13 USPQ 2d 1169, 1171 (Fed. Cir. 1989) (when faced with a Rule 50 motion, "[t]he trial court cannot consider the credibility of witnesses or weigh the evidence").

Still the court claimed that "inventory" must mean articles of clothing because "[i]t is difficult to visualize a system that would detect and localize spurious dollar deletions or additions to inventory". (Opinion at 5; A7). The court's inability to visualize such a system is alarming because maintaining an inventory of invoices and their corresponding dollar amounts is precisely what the accused system does. An authority no less than Mr. Jenkins testified as to this feature of the accused system. Referring to the reports generated by the Datascan system (See A1588, A1595-1601), Mr. Jenkins testified:

> Q. Now the next line is 'Extra invoices'. How does the Westview system determine that there are extra invoices?
>
> A. Well, as you're wanding invoices, if you found an invoice, you'd wand that invoice, you'd wand the bar code on the invoice and then the 'Datascan' would beep to tell you that it could not find that invoice so at that the point you'd have to take the ticket and then wand in because there's a little keyboard on the 'Datascan'. You'd have to wand in the amount of that ticket and that's the number that's represented there.

Q. Now the next item is the missing invoices. How does the Westview system find the missing invoices?

A. Well, since the 'Datascan' is loaded up with these invoice numbers and ticket totals and as you've gone through your entire plant and wanded the invoice, the bar coded invoice, then if it cannot find an invoice that the 'Datamark' says is there, it will flag it at least in the computer and then when it does the printout, it will find all the flagged invoices and print it out.

***

Q. And then on missing invoices I see the first one the 7.98 I assume is $7.98?

A. Yes.

Q. And then the zero, zero, two, seven, five is what?

A. That's the invoice number.

Q. That would be the invoice number represented by the bar code on that invoice. By this system the 'Datascan' has looked at the bar code, made the comparisons you have described and then the report prints out the missing invoice number and the dollar amount of that invoice, am I correct?

A. That's correct.

Q. And it goes right on another invoice dollar amount and so on and then it comes up with the total of the missing transactions?

A. The missing invoice.

Q. The invoice represents a transaction, doesn't it?

A. Not really.

Q. Then on this the invoice is totaled.

Just so I'm clear, the Westview system can detect the additional invoices and the missing invoices and put that report out?

A. Yes.

(A929-31) (emphasis added).

The jury was entitled to consider and weigh this testimony from a Westview executive, and arrive at a finding of infringement. It is beside the point that Judge Katz arrived at a different view by ignoring or failing to grasp this evidence. The weight of the evidence was for the jury.

The Datascan promotional material describes Datascan's ability to detect and localize spurious additions and deletions from inventory as follows:

> After a physical inventory is taken, by simply "wanding" the bar codes on each invoice hanging on line, Datascan will find all "extra" invoices and "missing" invoices, compute the inventory cash total, and provide a printed record.

(A1588) (See also A1599).

The jury was entitled to weigh and draw the obvious conclusion from this evidence, contrary to Judge Katz' mistaken theorizing in the face of the evidence.[14]

The patent claims describe a system that has a means to maintain an inventory. The evidence in the dry cleaning industry is that inventory may mean dollar or invoice inventory. There was no dispute that the accused device maintains such an inventory. The jury's infringement verdict is overwhelmingly

---

[14]Westview's literature abounds with recognition of the accused system's ability to maintain an inventory, as well as, other features showing infringement (A1058-94; A1095; A1096; A1097; A1099-1100; A1587-1602). This compelling evidence upon which the jury was entitled to rely cannot be wished away by Judge Katz' unsupported finding that the Westview literature exaggerated the capabilities of the system; a contention never made by Westview. If this was an issue, it was for the jury and was resolved by the jury's verdict.

supported by the evidence presented at trial. The trial court's decision to substitute its view of the evidence for the jury's was improper and the jury's verdict should be reinstated.

3. The Court Erroneously Interpreted the Patent in Suit as Requiring the System to Track Individual Articles of Clothing Which Pass a Predetermined Station.

Finally, the court argued that the accused system did not infringe the patent in suit because, in the court's opinion, the claims require the tracking of individual articles of clothing throughout the dry cleaning process. (Opinion at 6; A8). The court's interpretation of the claim is contrary to the evidence which the jury was free to credit. First, "tracking" is not required; what is required is detection of bar codes on all articles passing a predetermined station. Second, the claim does not require that individual "articles of clothing" be coded and processed; what is required is that either articles or batches of grouped articles be coded. The accused system possesses this feature as it processes invoices associated with batches of articles and permits the user to detect said bar codes on articles passing a predetermined station.

The claim does not require tracking; it requires "at least one optical scanner connected to the data processor and operable to detect said bar codes on all articles passing a predetermined station. . . ." (A1022). The unchallenged testimony presented at trial was that the "predetermined station" is any point along the dry cleaning cycle as selected by the user

of the infringing system to define the borderline at which inventory is to be checked (A770-71). For example, it may be when the clothing is released to the customer or it may be at the point at which the user takes an inventory (A771).

The testimony at trial was that the accused system possesses this feature as it is equipped with a mobile scanner which is able to detect bar codes which pass a predetermined station. (A714-15; A770; A1058-1094). Westview's president, Mr. Jenkins, described the various predetermined stations at which the accused system's scanner could be used to read the bar code:

> Q. Is that one way when the customer comes to pick up the clothes that you take that particular transaction out of the 'Datascan' or 'Datamark' by wanding it out when the customer picks it up?
>
> A. It might be done that way.
>
> Q. Or the attendant gets a batch of invoices and wands them out?
>
> A. Right.

(A928).

The '054 patent requires that the system be equipped to detect the bar codes at a predetermined station. The jury heard uncontroverted testimony that the accused system has this feature. Clearly, the court's interpretation of the '054 patent as requiring tracking is incorrect.

Likewise flawed is the court's conclusion that the patent requires individual articles of clothing, not batches, to be processed. By reading into claim 1 the requirement of individual attachment of bar codes to individual articles of

clothing, the court has read into claim 1 an additional claim element contained in dependent claims 5 and 6.

Dependent claims 5 and 6 claim alternative embodiments of the patented system:

> 5. The system of claim 1, wherein the written record has multiple separable parts printed concurrently, including a customer ticket, an establishment ticket and a plurality of article taps [sic tags], at least one of the tickets and tags having a bar code printed thereon, and each tag being detachable from the written record for direct association with at least one of the customer articles.
>
> 6. The system of claim 1, wherein the data input device is a keyboard and the printer is operable to generate tags for direct attachment to articles comprising textile material, the articles being pieces of drycleaning.

(A1022).

In other words, the alternative embodiments claimed by dependent claims 5 and 6, coincidental with the entry of each incoming transaction, would print the "strip tags" and individual garment tags. However, dependent claims 5 and 6 clearly are not limitations of claim 1 and Westview's system nonetheless literally infringes independent claim 1 of the patent. Logically and under the law, the additional element in the dependent claims is unassailable support for what is also clear from the language of the independent claim -- the independent claim does not require this element.

The jury was free to draw this manifest inference from claim 5 which was presented to the jury and explained by expert testimony at trial. Indeed, plaintiffs went so far as to have a

copy of claim 5 blown-up to aid the jury's analysis. Nevertheless, neither claim 5 nor this testimony was mentioned in Judge Katz's opinion.

The court's interpretation of claim 1 to include the elements of dependent claims 5 and 6 violates one of the most basic premises widely recognized in patent law. That is, it is improper to read the requirements of a dependent claim into an independent claim. As this Court stated in DMI, Inc. v. Deere & Co., 755 F.2d 1570, 1574 (Fed. Cir. 1985), appeal after remand, 802 F.2d 421, 231 USPQ 276 (Fed. Cir. 1986):

> The District Court said 'as a general rule a limitation cannot be read into a claim to avoid infringement. . . . Where, as here, the limitation sought to be 'read into' a claim already appears in another claim, the rule is far more than 'general.' It is fixed. It is long and well established. It enjoys an immutable and universally applicable status comparatively rare among rules of law. . . .
>
> Where some claims are broad and others narrow, the narrow claim limitation cannot be read into the broad whether to avoid invalidity or to escape infringement.

((quoting Deere & Co. v. Int'l Harvester Co., 658 F.2d 1137, 1141, 211 USPQ 11, 16 (7th Cir.), cert. denied, 454 U.S. 969 (1981)) (citations omitted). See also Palumbo v. Don-Joy Co., 762 F.2d at 977, 226 USPQ at 10.

To read into independent claim 1 the directly associated or attached elements of dependent claims 5 and 6 would render those dependent claims superfluous. This is clearly an improper construction of the patent claims.

The description of the invention provided in the patent itself also demonstrates that separate bar-coded tags need not be attached to individual inventory items. It is well established that the patent specification should be used by the court in construing the scope of the claims. E.I. duPont de Nemours & Co. v. Phillips Petroleum Co., 849 F.2d 1430, 1433, 7 USPQ 2d 1129, 1131 (Fed. Cir.), cert. denied, 488 U.S. 986 (1988), on remand, 711 F. Supp. 1205 (D. Del. 1989) ("It is entirely proper to use the specification to interpret what the patentee meant by a word or phrase in the claim"); Pacific Technica Corp. v. United States, 11 Cl. Ct. 393, 422, 3 USPQ 2d 1168, 1189 (Cl. Ct. 1986), aff'd in part, vacated in part, 835 F.2d 871 (Fed. Cir. 1987) ("Claims and their terms are best construed in light of the specification and circumstances surrounding the patent at its inception"); SRI International v. Matsushita Electrical Corp. of America, 775 F.2d at 1121, 227 USPQ at 585 ("When claim construction is required, claims are construable . . . in light of the specification, yet '[t]hat claims are interpreted in light of the specification does not mean that everything expressed in the specification must be read into all the claims." (citation omitted)).

The patent specification and description of the invention repeatedly refer to the attachment of separate bar-coded tags to individual garments or **batches of articles** as an optional feature of the invention. For example, in the Summary of the Invention, it is expressly stated that "the bar code tags **may** be attached to articles of clothing and/or batches thereof, for use

with scanning apparatus to facilitate generation of reports according to various managements needs." (A1018) (emphasis added). Similarly, the description of the preferred embodiment of the invention makes clear that the invention does not include the mandatory requirement that bar-coded tags be directly attached to individual garments (A1019-21).

Having the capability to generate and thereby track individual garment tags represents only one possible embodiment of the invention:

> The optical scanning reads unique bar codes associated with articles **or batches thereof**. (A1019, column 5, lines 26-27).
>
> The written records have several uses, including providing a receipt for the customer, providing a hard copy for use by management and providing a mark for attachment to individual articles in inventory, **or for a group of articles in inventory.** (A1019, column 6, lines 49-53).
>
> The system relies upon the bar code indicia attached to or associated with articles **or batches**, and "read" using optical detector devices. (A1020, column 7, lines 64-66).
>
> The attendant need only scan the tags bearing bar codes to dependably and quickly log an article **or batch** through a station. (A1020, column 7, line 68 through column 8, line 3).
>
> Individual article tags **may be attached** to items in inventory, as is known in connection with pre-printed alpha numeric labels. In addition, a copy of the customer's ticket, for example, the establishment ticket copy, **can be attached to a hanger or batch bundle or other unitary package containing a plurality of individual articles**. (A1020, column 8, lines 9-15).
>
> The association of a bar code and an article **or group of articles** is only one portion of the larger inventory control system. (A1020, column 8, lines 19-21).

(A1019-20) (emphasis added; citations to drawings omitted). Therefore, while individual bar-coded garment tags are contemplated by dependent claims 5 and 6 of the patent, the independent claims of the patent clearly do not mandate the use of individual garment tags but recognize that the ticket may be attached to batches of clothing. All of these clear statements were before the jury, explained by plaintiffs' expert testimony, and argued by counsel to the jury.

A literal reading of the claims of the patent undermines the court's interpretation of the claims. Clearly, claim 1 requires the system to generate "a written record" (singular), part of which travels with "the articles" (plural) (A1021-22). In this manner, the system can localize spurious additions to or deletions from inventory of groups of articles comprising each numbered transaction (A1021-22). Clearly, claim 1 of the patent calls for a single written record which will represent the transaction and all the articles introduced collectively.

Contrasting the literal language of the dependent claims of the patent with that of independent claim 1 highlights the fact that the patent does not necessitate that bar-coded tags be physically attached to individual articles. Claim 1 provides for "at least part of the written record bearing a portion to be **attached** to said articles" (A1022) (emphasis added). However, addressing the optional feature of individual garment tags, dependent claim 5 specifies that such tags will be "detachable from the written record for **direct association** with at least one

of the customer articles" (A1022) (emphasis added). If "attached" in claim 1 referred to physical attachment, clearly the use of the word "direct" in claim 5 would be mere surplusage. Similarly, in dependent claim 6, where it is claimed that "the printer is operable to generate tags for **direct** attachment to articles comprising textile material," (A1022), clearly "direct" must be interpreted as more than just superfluous verbiage.

It is clear from the record that Claims 1 and 10 of the '054 patent do not require that individual garments be encoded. All these claims require is that the written record be attached to articles, either individually or to batches thereof. The jury was free to so find. As found by the jury, the accused device possesses this feature as it permits the attachment of a written invoice to batches of articles sent through the dry cleaning process.

In support of its decision to set aside the jury verdict, the court ignored evidence, reweighed evidence and drew unsupported inferences and conclusions from the evidence. As a result, the court erroneously interpreted the claims of the patent, misapplied the claims to the accused system, and incorrectly concluded that the accused device did not infringe the '054 patent.

At the outset of the trial, the court pledged to the jury that "You're the sole judges of the facts. I have nothing to say about the facts. . . ." (A661). Yet, in setting aside the jury's verdict, the court effectively wrenched from the jury its

fact finding mission simply because it disagreed with the jury's evaluation of the evidence. This Court should not permit such an aggressive encroachment on the dedicated functions of the jury.

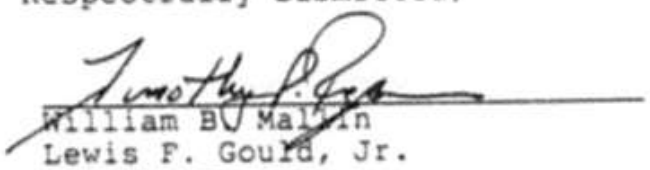
Rather than reweighing the evidence and finding facts on a motion for a directed verdict, the court must expose the evidence to the strongest light favorable to the verdict-winner and give him the advantage of every fair and reasonable inference. Danny Kresky Enterprises Corp. v. Magid, 716 F.2d 206, 209 (3d Cir. 1983). Such a motion may be granted only if, as a matter of law, the record is critically deficient of that minimum quantity of evidence from which a jury might reasonably afford relief. Id. at 209. It is plain from the record that the court failed to apply this standard to the evidence presented at trial.

Defendants' motion for a directed verdict should never have been granted. The jury's verdict was manifestly reasonable and fully supported by the substantial and largely uncontroverted evidence presented at trial. Plaintiffs respectfully request that this Court reinstate the jury verdict.

V. CONCLUSION AND STATEMENT OF REQUESTED RELIEF

For the reasons set forth herein, Plaintiffs - Appellants request this Court to reinstate the jury's verdict that the accused system infringes Claims 1 and 10 of the patent in suit and remand this action to the District Court.

Respectfully submitted,



William B. Malin
Lewis F. Gould, Jr.
Timothy P. Ryan
Brian M. Martin

Eckert Seamans Cherin & Mellott
600 Grant Street, 42nd Floor
Pittsburgh, PA 15219

and

1700 Market Street, Suite 3232
Philadelphia, PA 19103

Attorneys for Herbert Markman and Positek, Inc., Appellants

Dated: January 3, 1992