

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

SCA TISSUE NORTH AMERICA, LLC,

Plaintiff,

V.

TARZANA ENTERPRISES, LLC,

Defendant.

OPINION AND ORDER

11-cv-316-bbc

In this patent infringement suit, plaintiff SCA Tissue North America, LLC contends that defendant Tarzana Enterprises, LLC is infringing two of plaintiff's patents related to folded napkins. Now before the court is defendant's motion for summary judgment on plaintiff's patent infringement claims. Also before the court is plaintiff's motion to strike portions of defendant's reply memorandum in support of its motion for summary judgment, or in the alternative, for leave to file a sur-reply.

For the reasons stated below, I am denying defendant's motion for summary judgment of noninfringement. There are genuine issues of material fact regarding whether defendant's napkins are folded into "equal" parts as required by the asserted claims. Fed. R. Civ. P. 56(a).

I will grant plaintiff's motion to strike portions of defendant's reply memorandum, in which defendant raised two new issues for the first time. In particular, defendant made arguments regarding a new product that it manufactures, the "1/2 inch offset" napkin, and argued that "equal" cannot be construed to cover a purposeful "offset" under the doctrine of claim differentiation. Defendant could have raised these arguments in its opening brief and failed to do so. Thus, I will grant plaintiff's motion to strike these new arguments and deny the motion to file a sur-reply as unnecessary. Nelson v. La Crosse County Dist. Attorney, 301 F.3d 820, 836 (7th Cir. 2002) (arguments raised for first time in reply brief are waived).

From the parties' proposed findings of fact and the record, I find the following facts to be material and undisputed.

UNDISPUTED FACTS

A. The Parties

Plaintiff SCA Tissue North America is one of the largest suppliers of tissue in the world. It manufactures a napkin dispenser system known as Xpressnap®. Plaintiff is the owner of all rights, title and interest to U.S. Patents Nos. 7,611,765 ('765 patent) and 7,939,159 ('159 patent).

In 2010, defendant Tarzana Enterprises started offering for sale a napkin product

known both as One Nap and Elegance napkins. Defendant's napkins can be used in plaintiff's Xpressnap® dispensers.

B. Plaintiff's Patents

Plaintiff's asserted patents are titled "Stack of Interfolded Absorbent Sheet Products" and relate to stacks of interfolded napkins. The specifications for both of its patents are the same. (I will cite the '159 specification throughout this opinion.) The asserted claims of the two patents are claims 1-4, 6, 7, 9 and 11-13 of the '765 patent and claims 9-13 and 15-16 of the '159 patent. These claims require that certain folds of the napkin bisect the napkin into "equal" parts.

1. Specification

The patent specification identifies numerous preferred embodiments of the invention, including an eight-panel and a four-panel napkin. The patent specification describes a quarter-folded napkin embodiment as "having two folds, the two folds each bisecting the napkin and being perpendicular to one another . . . [so] that the folded napkin is about one quarter of the size of the unfolded sheet." '159 pat., col. 2, lns. 20-25. The specification states that the eight-panel napkin consists of "eight equally sized panels." Id. at col. 2, lns. 33-36. "[T]he final two folds [of the eight-panel napkin] may be generated simultaneously,

by folding a quarter-folded napkin once again in half.” Id.

2. Patent claims

The asserted claims in plaintiff’s patents describe interfolded napkins. The ‘765 patent requires that both folds of the napkin bisect the napkin “into two equal parts.” The ‘159 patent requires that only the first fold of the napkin bisect the napkin “into two equal parts.” The term “equal” was added during the prosecution of both patents.

a. The ‘765 patent

When the applicant initially filed the ‘765 application in 2008, claim 1 described a “paper napkin having two folds, the two folds each bisecting the napkin . . . to form a napkin having four panels. . . .” Dkt. #28-5 at 48. The examiner rejected claim 1 as obvious under 35 U.S.C. § 103(a). Id. at 38.

In response to the rejection, the applicant amended claims 1 and 21 to include the following underline language: “a paper napkin having only two folds, the two folds each bisecting the napkin into two equal parts and being perpendicular to one another, thereby to form a napkin having four equal panels. . . .” Id. at 24. In the Remarks section of the amendment, the applicant used the new language to distinguished his claims from two prior art references. First, the applicant distinguished his claims from Pigneul, stating that

although Pigneul has one fold that bisects an absorbent sheet into two equal parts, it also has two other folds that do not bisect the sheet into two equal parts, but instead results in three unequal parts. Id. at 29. Second, the applicant distinguished his claims from Freiburger, stating that it does not appear that Freiburger discloses two folds that bisect the tissue into two equal parts. Id. at 30. (The parties agree that it is apparent from Figure 7 of the Freiburger patent that the tissue is not divided into two equal parts; a large gap between the two top panels makes the parts clearly unequal. Dft.’s Resp. to Plt.’s PFOF ¶ 26, dkt. #59.) Following the amendments, the examiner approved the ‘765 application.

b. The ‘159 patent

In 2009, the ‘159 patent was granted on a divisional application from the same application that resulted in the ‘765 patent. As with the ‘765 patent, the original claim 1 of the ‘159 patent did not require that any folds bisect the napkin into two equal parts. Dkt. #28-7 at 121. As he had done with respect to the ‘765 patent, the examiner rejected claim 1 as obvious.

In response, the applicant filed a request for continued examination, canceled claims 1-20 and submitted new claims 21-46. New claim 21 (previously claim 1) required that the napkin have “a first fold bisecting the napkin into two equal parts.” Id. at 62. The applicant also added a second independent claim, claim 30, that required that the napkin have “a first

fold parallel to the two shorter edges bisecting the napkin into two equal parts. . .” Id. at 64. In the Remarks section of the amendment, the applicant again distinguished the prior art by stating that the first-formed folds of Pigneul and Freiburger are “offset” from the middle of the sheet. Id. at 71. Following another round of rejections and further amendments to the claims, the examiner issued a notice of allowance, permitting the claims to issue as amended.

C. Accused Product

Defendant has offered for sale its One Nap product since July 2010. Defendant does not manufacture its own products, but contracts with a company in China for their manufacture. Defendant’s napkins are approximately quarter-folded, containing a first fold that is approximately parallel with the shorter side of the napkin.

Defendant’s market literature includes product specifications for the One Nap product, which describe the dimension of the napkin as 13 inches in length “open” and 6.5 inches in length “folded.” Dkt. #43, Ex. C at 2. Defendant also has an insurance contract for this case that describes the One Nap product as having the same specifications as described in the marketing literature. Dkt. #43, Ex. D at 7. Jonathan Pearson, defendant’s chief executive officer, testified that he prepared the marketing literature more than a year ago, the document was never provided to the factory and it was not intended as a product

specification. Dkt. #38.

Additionally, Pearson testified that defendant requires its napkins to have a purposeful 3/16 inch offset. Defendant has an agreement with its manufacturer that the manufacturer would not send, and defendant would not accept, napkins with a first fold that bisects the napkin into two equal parts. Dkt. #28, Ex. J. Pearson does not know how the offset is achieved by the manufacturer. Dkt. #38. He testified that he has inspected thousands of defendant's napkins and is not aware of any ever having a centered first fold.

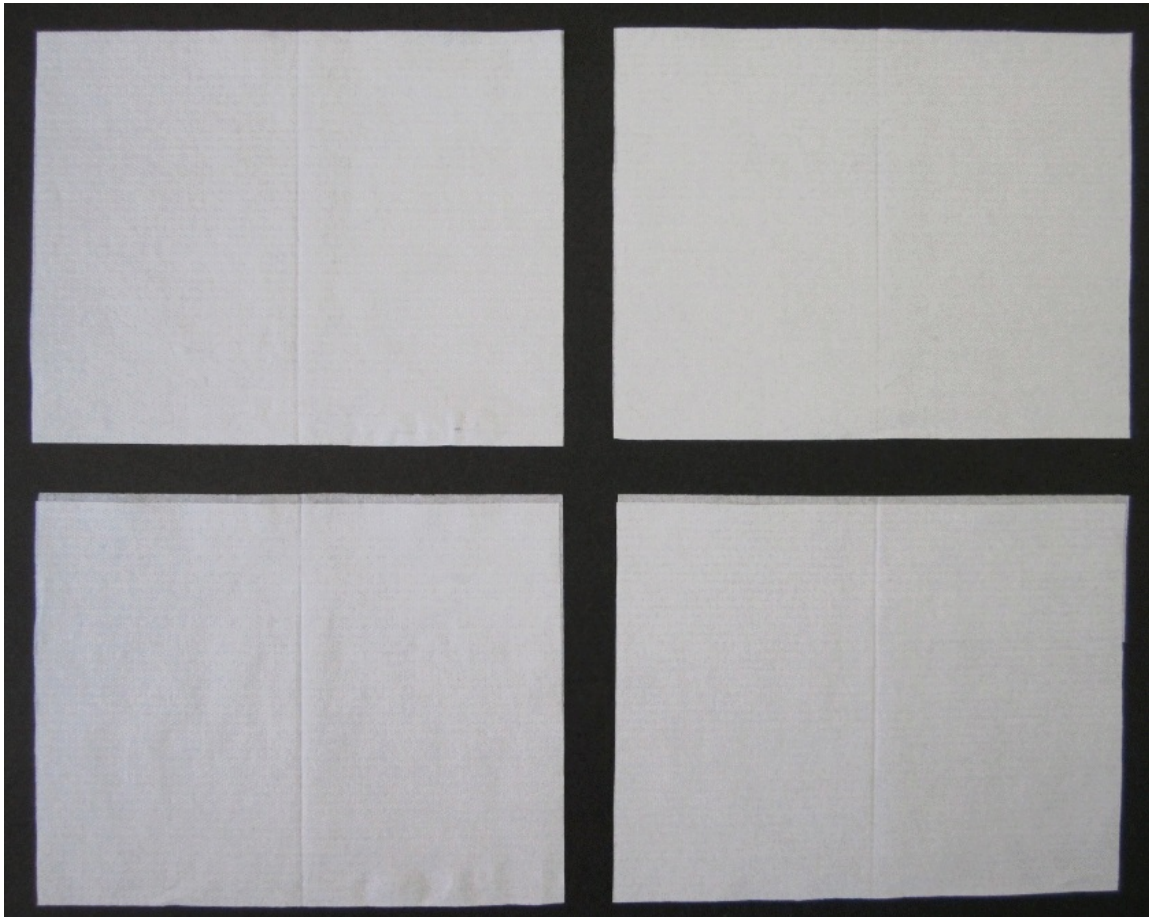
D. Plaintiff's Expert

Plaintiff submitted expert testimony from Paul Carlson, the "napkin technology manager" for plaintiff. Carlson has more than 26 years' experience in the design and manufacture of paper napkins. Carlson provided undisputed testimony regarding the process of manufacturing interfolded paper napkins. The process involves operations that are variable in nature. One skilled in the art would understand that the web folding machines described in the specification of the asserted patents could not produce napkins with absolute precision. In particular, the machines could not fold a napkin so that the resulting parts are identical as a mathematical absolute. Further, one skilled in the art would understand that for the preferred quarter-folded napkin in the patents, it would be impossible to produce stacks of interfolded napkins that are exactly the same size to a level

of absolute mathematical precision using conventional folding equipment. Carlson Decl., dkt. #44, ¶ 10.

With respect to defendant's napkins, Carlson testified that they have an offset that ranges between an amount that is almost imperceptible to some larger amount, and that the offset results from variability in the manufacturing operation, not from purposeful design. Id. at ¶¶ 12-19. To highlight the range of offset in defendant's napkins, Carlson discussed the following image of defendant's napkins:

Id., Ex. A. Carlson pointed out that the edges of the defendant's napkins that are in the top row are nearly flush, such that there is almost no perceptible offset. In contrast, the edges of the napkins in the bottom row are further apart, such that they have a noticeable offset. Carlson concluded that this variation in offset in defendant's napkins is caused by expected variability associated with feeding the paper web sheets into the interfolding machines. Id.



at ¶ 12.

OPINION

A. Legal Standard

Defendant has moved for summary judgement of noninfringement on all asserted claims of plaintiff's patents, contending that there is no evidence that its One Nap napkins are bisected into two equal parts as required by the claims. Patent infringement analysis is a two-step process in which the court must first construe the claims at issue and then compare the properly construed claims to the accused product. Cybor Corp. v. FAAS Technologies, Inc., 138 F.3d 1448, 1454 (Fed. Cir. 1998). Claim construction is a legal determination to be made by the court, while infringement is a question of fact. Vitronics Corp. v. Conceptronic, Inc., 90 F.3d 1576, 1582 (Fed. Cir. 1996).

B. Claim Construction

The independent claims in the '765 and '159 patents disclose a napkin with certain folds that bisect the napkin "into two equal parts." The only term that must be construed to resolve the parties' dispute is the term "equal." Plaintiff contends that "equal" should be construed as "about the same." Defendant provides three alternative constructions of the

term, contending that (1) equal should be given its plain meaning of “equal”; (2) equal means “a first fold in which the manufacturing goal or target is to produce a napkin having a first fold that is equal, but covers minor variations that result from manufacturing tolerances around the equal target”; or (3) that “equal does not include a napkin having a target offset of 3/16 inch or greater.” (Both plaintiff and defendant propose yet another set of constructions in the joint claim construction chart that the parties submitted to the court after they had submitted their summary judgment briefs. Dkt. #75. Those constructions are not significantly different from their earlier proposals so I am considering only those submitted with defendant’s summary judgment materials.)

After all the briefing, both parties seem to agree that “equal” parts mean parts that are the same size, but that the construction of equal must allow for standard manufacturing variance. Dft.’s Br., dkt. #40, at 15 (“In the context of the invention, the meaning of the claim term “equal” includes a range of variability and cannot require identical precision between the napkin parts because one skilled in the art would understand that absolute precision cannot be achieved with conventional manufacturing equipment at the time of the invention (or now)”; Plt.’s Reply Br., dkt. #58, at 20 (agreeing with defendant on this point). However, they dispute the degree of variance allowed. Unfortunately, neither defendant’s nor plaintiff’s proposed claim constructions resolve the dispute adequately.

Defendant’s first proposed construction, that equal should be given its plain meaning

of “equal,” is vague and unhelpful. Although the term “equal” is a commonly used word, I must determine how one skilled in the art would understand the word in light of the intrinsic evidence. Phillips v. AWH Corp., 415 F.3d 1303, 1312-13 (Fed. Cir. 2005) (claim terms should be given customary meaning as understood by one skilled in art in context of invention). Although both parties agree that one of ordinary skill in the art reading the patent would understand that “equal” does not require mathematical precision, defendant’s first proposed construction does not address how much variance is allowed, which is the crux of the dispute.

In its second and third proposed constructions, defendant attempts to define the manufacturing variance allowed but does so inappropriately. Defendant’s second proposed construction (“a first fold in which the manufacturing goal or target is to produce a napkin having a first fold that is equal, but covers minor variations that result from manufacturing tolerances around the equal target”) shifts the focus of the infringement analysis away from the invention, the napkins, and focuses instead on the machinery used to manufacture the napkins, which was not claimed.

Defendant’s third proposed construction (“equal does not include a napkin having a target offset of 3/16 inch or greater”) is unacceptable. Neither the patent nor the patent prosecution history talks about a 3/16 inch offset and there is no reason to believe that one reading the patent would arrive at this definition. Rather, it is a construction devised purely

to exclude the accused infringing product. It is improper to construe a term specifically for the infringement analysis. Every Penny Counts, Inc. v. American Express Co., 563 F. 3d 1378, 1383 (Fed. Cir. 2009) (“A court may not use the accused products for the sole purpose of arriving at a construction of the claim terms that would make it impossible for the plaintiff to prove infringement.”); Wilson Sporting Goods Co. v. Hillerich & Bradsby Co., 442 F.3d 1322, 1326 (Fed. Cir. 2006) (“[A] trial court should certainly not prejudge the ultimate infringement analysis by construing claims with an aim to include or exclude an accused product or process. . .”).

Plaintiff’s proposed construction of “about the same” is also unhelpful. Plaintiff contends that the specification provides support for its construction. In particular, plaintiff points out that the specification describes the preferred four-panel napkin embodiment as “*about* one quarter the size of the unfolded sheet.” ‘159 pat., col. 2, lns. 24-25. Thus, plaintiff contends, the specification teaches that two napkin parts can be equal if they are “about the same.” It is true that the specification can often provide meaning to ambiguous claim terms, Phillips, 415 F.3d at 1314-15, and I agree with plaintiff that the modifier “about” indicates that the four-panel napkin does not require absolute mathematical precision. However, the parties agree that “equal” does not require mathematical precision. Adopting plaintiff’s construction of “about the same” would not resolve the issue of how much variation is allowed.

Like the specification, the prosecution history sheds some light onto the meaning of the term “equal,” but does not answer the question how of much variation in the offset is allowed. During the prosecution of both patents, the applicant amended the claims by adding the term “equal” to overcome an obviousness rejection by the examiner. The examiner rejected claim 1 of the ‘765 patent when the claim was written to require only that the napkin have two folds each “bisecting the napkin” in order to form a napkin with “four panels.” In response, the applicant amended the claim to require that the two folds bisect the napkin into “two equal parts” and form a napkin with “four equal panels.” It was only after these amendments were made that the examiner allowed claim 1. Similar amendments were made to the ‘159 patent to overcome an obviousness rejection by the examiner.

Defendant contends that by amending the claims, the applicant disclaimed napkins that have any offset. This argument would be stronger if the applicant had been distinguishing prior art that claimed napkins with panels that were “almost equal” or that had slight offsets. However, the applicant was distinguishing prior art that claimed napkins with clearly unequal panels. Freiburger, U.S. Pat. No. 5,516,000, Fig. 7 (showing napkin with three unequal panels); Pigneul, EP 0 286 538, Fig. 1 (showing panels that have large offsets). Thus, I agree with defendant that the applicant disclaimed napkins with “unequal” panels. However, the applicant did not disclaim napkins with panels having an offset but still having panels that qualify as “equal,” as understood by a person of ordinary skill in the

art. In other words, the applicant said nothing during prosecution about the level of precision that is required to form “equal” panels. Thus, the prosecution history does not resolve the parties’ dispute about how much variation is allowed for the two parts to still be considered “equal.”

The only evidence before the court that addresses how much variation is allowed for parts to qualify as “equal” within the meaning of the claims is extrinsic evidence provided by plaintiff. Plaintiff has provided the court with expert testimony from Carlson about manufacturing the patented invention. Carlson testified that one skilled in the art would understand that the web folding machines identified in the patent and used to produce the preferred four-panel embodiment of the invention are unable to produce napkins with folds that are equal with absolute mathematical precision. Rather, “one skilled in the art would anticipate some offset between the edges of the sheet after a longitudinal first folding operation even though the equipment is designed to fold the sheet in half.” Carlson Decl., dkt. #44, ¶ 12. Further, the amount of the offset “will vary from napkin to napkin throughout a single stack of napkins . . . there will be a range in the amount of the offset for the napkins in a stack. . . .” Id. at ¶ 15. Thus, one of ordinary skill in the art would understand equal to include at least the standard manufacturing variance involved in the manufacturing process. Id. at ¶¶ 10-15.

Expert testimony is less reliable than intrinsic evidence for the interpretation of claims

because it is “generated at the time of and for the purpose of litigation and thus can suffer from bias that is not present in intrinsic evidence.” Phillips, 415 F.3d at 1318. However, defendant *agrees* with Carlson’s testimony that the web folding machines described in the patent cannot produce folds with absolute mathematical precision. “It is entirely appropriate, perhaps even preferable, for a court to consult trustworthy extrinsic evidence to ensure that the claim construction it is tending to from the patent file is not inconsistent with clearly expressed, plainly apposite, and widely held understandings in the pertinent technical field.” Pitney Bowes, Inc. V. Hewlett-Packard Co., 182 F.3d 1298, 1309 (Fed. Cir. 1999).

Accordingly, I agree with the parties that “equal” parts means parts that are the same size, with allowance for variations resulting from standard manufacturing deviations. Unfortunately, this construction does not resolve all of the parties’ disputes regarding the scope of the claims. In particular, this construction does not clarify the specific amount of variation that one skilled in the art reading the patent would understand “standard manufacturing deviations” to encompass. Carlson testified only that “the amount of the variability in the offset is dependent on the equipment used to manufacture the napkins” and that “due to the repeating drift in the folding operation, there will be a range in the amount of the offset for the napkins in a stack.” Carlson Decl., dkt. #44, ¶¶ 14-15. He never provided a specific range that would qualify as “standard manufacturing deviation.”

Although resolution of this issue will likely be necessary to ultimately resolve plaintiff's infringement claims, I cannot resolve it using the information provided by the parties. Thus, the parties will need to provide further evidence and argument on this issue in the context of a summary judgment motion filed by defendant or in a motion in limine before trial.

C. Infringement Analysis

In the second step of the infringement analysis, the court must compare the construed claims to the product accused of infringing. Markman v. Westview Instruments, Inc., 52 F.3d 967, 976 (Fed. Cir. 1995). Defendant contends that its napkins do not literally infringe on plaintiff's patent claims because its napkins contain an offset of 3/16 of an inch and are not folded into equal parts as required by the claims. Also, defendant contends that prosecution history estoppel bars plaintiff's infringement claim under the doctrine of equivalents.

1. Direct infringement

"Direct infringement requires a party to perform or use each and every step or element of a claimed method or product." BMC Resources, Inc. v. Paymentech, L.P., 498 F.3d 1373, 1378 (Fed. Cir. 2007). Defendant contends that there is no evidence that its One Nap napkins are bisected into two equal parts as required by the claims. Defendant

maintains that the first fold in the napkin is approximately 6.6 inches right of center and 6.4 inches left of center, resulting in an offset of approximately $\frac{3}{16}$ of an inch, subject only to small manufacturing variances of not more than $\frac{1}{25}$ of an inch.

Defendant supports its assertion by providing photos and physical exhibits of the accused product, a letter of agreement with its manufacturer stating that defendant will not accept any napkins lacking an offset and testimony from its chief financial officer that he has reviewed thousands of defendant's napkins and has not found a napkin with a centered first fold. Additionally, defendant contends that although its marketing brochure and patent infringement insurance contract describe the accused napkin as a napkin folded in half, these documents were made more than year ago and were not used as a product specification. Finally, defendant points to Carlson's expert testimony as evidence of noninfringement. In particular, Carlson stated that he has seen a range in offset size and that some napkins have "almost no perceptible offset." Carlson Decl., dkt. #44, ¶ 16. Defendant contends that this confirms that defendant's napkins always have a visible offset and thus, the first fold in defendant's napkin does not produce two equal panels.

Defendant's arguments are not persuasive. They assume that a napkin designed and manufactured with an intentional and visible offset cannot be a napkin with "equal parts" as claimed in the patents. However, defendant has not supported this assumption with any evidence. As explained above, "equal" means "the same size, with allowance for variations

resulting from standard manufacturing deviations.” Plaintiff’s expert, Carlson, testified that he examined a stack of defendant’s napkins and that the visible offsets observed are “due to the known and expected variability associated with feeding the paper web sheets into the interfolding machine.” Carlson concluded that the offset seen in defendant’s napkins are the size of offsets that one skilled in the art would expect to see in napkins that are designed to be folded in half with a first fold. Carlson Decl., dkt. #44, ¶¶ 12, 14, 19. Carlson’s conclusions are sufficient to create a genuine issue of fact regarding whether defendant’s napkins are bisected into equal parts within the meaning of the claims. Therefore, I will deny defendant’s motion for summary judgment on direct infringement.

2. Doctrine of equivalents

Defendant has also moved for summary judgment on plaintiff’s doctrine of equivalents infringement claim. Under the doctrine of equivalents, a product that does not contain all the claimed limitations may still infringe if “there is ‘equivalence’ between the elements of the accused product or process and the claimed elements of the patented invention.” Warner-Jenkinson Co. v. Hilton Davis Chemicals Co., 520 U.S. 17, 21 (1997). To prove equivalence, a plaintiff must show that “the accused product or process contain[s] elements identical or equivalent to each claimed element of the patented invention.” Id. at 40. A given product is sufficiently “equivalent” if either the differences between the claimed

limitation and any element of the product “can be fairly characterized as an insubstantial change from the claimed subject matter without rendering the pertinent limitation meaningless,” Freedman Seating Co. v. American Seating Co., 420 F.3d 1350, 1359 (Fed. Cir. 2005), or “the accused device performs substantially the same function in substantially the same way to obtain the same result as the claim limitation.” Catalina Marketing International v. Coolsavings.com, Inc., 289 F.3d 801, 813 (Fed. Cir. 2002) (citations omitted).

Defendant does not argue that its napkins with slight offsets fail to “perform substantially the same function in substantially the same way to obtain the same results.” In fact, neither party has suggested that the limitation of “equal parts” provides any functional purpose. However, defendant argues that prosecution history estoppel bars plaintiff’s doctrine of equivalents claim because plaintiff disclaimed any napkins with “unequal” panels when it added the phrase “two equal parts” to the ‘765 and ‘159 patent claims in response to the examiner’s obviousness rejections. Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 535 U.S. 722, 736 (2002) (general rule is patent owner cannot assert claim under doctrine of equivalents if it included term in claim to obtain patent).

As discussed above, I agree that the applicant added the words “into equal parts” in order to distinguish prior art, thereby disclaiming folds that result in parts that are clearly

unequal, such as those disclosed in the Pigneul and Feiburger patents. However, because it is not possible to provide a clear construction of “equal” at this stage, I cannot determine what qualifies as “equal” and “unequal.” Thus, I cannot determine whether defendant’s napkin falls within the range of napkins disclaimed by the applicant. At this stage, the evidence in the record shows only that defendant’s napkins are quarter-folded, interfolded napkins that can be used in a dispenser with a single-napkin opening. Viewing this evidence in a light most favorable to plaintiff, there is sufficient evidence from which a reasonable jury could find that defendant’s napkins perform substantially the same function as the claimed napkin in substantially the same way so as to obtain the same result of interfolded quarter-folder napkins described in the claimed invention. Therefore, I will deny defendant’s motion for summary judgment on plaintiff’s doctrine of equivalents claim.

ORDER

IT IS ORDERED THAT

1. Plaintiff SCA Tissue North America, LLC’s motion to strike, dkt. #65, is GRANTED. The motion to file a sur-reply brief is DENIED as unnecessary.
2. Defendant Tarzana Enterprises, LLC’s motion for summary judgment, dkt. #25,

is DENIED.

Entered this 1st day of December, 2011.

BY THE COURT:
/s/
BARBARA B. CRABB
District Judge