

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

CARNES COMPANY, INC.,

Plaintiff,

v.

PENN VENTILATION, INC.,
a Pennsylvania corporation,

Defendant.

OPINION AND
ORDER

99-C-0650-C

This is a suit for patent infringement in which plaintiff Carnes Company, Inc. contends that defendant Penn Ventilation, Inc.'s product, Fan Pricer, infringes plaintiff's U.S. Patent No. 5,117,354. Plaintiff's patent discloses a system for the automated pricing and ordering of custom manufactured parts, such as those in the air handling equipment industry in which both parties operate. Defendant contends that its accused product, Fan Pricer, does not infringe the patent and that if it does, its earlier Fansizer program anticipated the patent because it incorporates the elements of plaintiff's patent. Defendant has moved for summary judgment on its defenses of non-infringement and invalidity.

I conclude that Fan Pricer does not infringe the '354 patent either literally or by the

doctrine of equivalents. This decision makes it unnecessary to address the question of patent invalidity, which defendant raised only as an affirmative defense and not as a counterclaim and which raises disputed issues of fact that would require a trial for resolution. See Hill-Rom Co. v. Kinetic Concepts, Inc., 209 F.3d 1337, 1334 (Fed. Cir. 2000) (district court is permitted but not required to address issue of invalidity if issue raised only as affirmative defense and court finds patent not infringed); Multiform Desiccants, Inc. v. Medzam, Ltd., 133 F.3d 1473, 1481 (Fed. Cir. 1998) (encouraging district courts to resolve all litigated issues). See also Cardinal Chemical Co. v. Morton International, Inc., 508 U.S. 83, 93-94 (1993) (distinguishing between ruling on patent invalidity when issue raised as affirmative defense and when raised as counterclaim).

From the proposed findings of facts submitted by the parties, I find that the following facts are not in dispute.

UNDISPUTED FACTS

Plaintiff Carnes Company, Inc. and defendant Penn Ventilation, Inc. are direct competitors in the business of manufacturing ventilation products used primarily in commercial and industrial buildings. The products are diverse in application and numerous in configuration.

It is typical for specifying engineers to design the ventilation systems of which the parties' products become part. These engineers determine specific ventilation needs for a facility, including criteria for individual ventilation components within the ventilation system. They prepare equipment schedules for the facility that include a unit-by-unit list of required ventilation components after which independent sales representatives obtain the equipment schedules, select and price the components and bid on the jobs. The sales representative that wins the bid places an order with the manufacturer.

In 1983, defendant developed a program known as "Fansizer," which worked on a personal computer. With this program, specifying engineers and independent sales representatives could enter basic information about a desired ventilation product and the software would select one or more fans suitable for the application.

Sometime after 1985, defendant introduced "Fan Pricer," a program that allows a user to identify and select a particular product, options and accessories, obtain prices for the components and do on-line modem-to-modem ordering. Fan Pricer performs its "lookup" function using one of two methods. In the first, the "Unit-by-Unit" method, the software first selects ventilation components in response to user input and then permits the user to leaf through a series of display menus in its electronic catalogue to select options and accessories for each component. In the second, the "Pre-Selection of Accessories" method, the user pre-selects

the options and accessories that will be common to all components of a particular type, again by leafing through a series of display menus, then selects ventilation components to which the pre-selected options and accessories are applied. The user must specify various criteria for the desired component. Fan Pricer then identifies and displays information about a base model of one or more components that comes closest to meeting the criteria specified by the user.

The user may select one of the displayed base models, at which point he may exit if its selection is complete or he may change the input criteria or add one or more options and accessories. Within Fan Pricer, an "Accessories" menu leads to several separate accessory and option display menus that may be used to select displayed options and accessories from lists of physical descriptions of the accessories and options. After the user selects each accessory or option from the separate menus, codes corresponding to the accessories and options selected by the user are displayed along with the information about the base model. By entering various menus and selecting options and accessories, the user can change a selection as desired. The user may then select an item from the "Equipment Schedule" and make additional modifications to the options and accessories.

If the user employs the Pre-Selection of Accessories method of using Fan Pricer, he may pre-select common accessories and options that may be used with any group of like components. The user begins by entering a product line for the group to which the common

accessories and options will apply. The user is then presented with an "Accessories Groups" menu that provides the user with links to several selection display menus as discussed above. From that point the user enters and exits various separate menus to select accessories and options for a group of like components. Having defined a pre-selected group of accessories and options, the user enters a series of characters representing the product line and must also enter basic physical criteria for the desired component. Fan Pricer then selects and displays information about a base model of one or more components that fit the specified criteria, showing only the basic size criteria for the component, but displaying any options or accessories. If the user selects one of the displayed components, a separate screen entitled "Equipment Schedule" comes up. This screen displays information about the selected base component along with the user's pre-specified accessories and options. The user may enter additional options and accessories for the component, in addition to the pre-selected ones. The user may then select an item from the Equipment Schedule and further modify the options and accessories. When the user has created a complete list of components to be ordered through either of the two methods, Fan Pricer prepares an order that is transmitted directly to defendant's in-house computer network via a direct modem-to-modem connection, checked on the network and transferred to the manufacturing computer system, where it is visible to the factory.

During prosecution of the '354 patent, the patent examiner rejected the claims on the

ground that they were anticipated by the prior art patents of Montagna et al., Schneider and Levin. In response, the inventors distinguished the three references, arguing that “the user changes the product specification, not the code and the system automatically updates the code to reflect the changes made by the user.”

Plaintiff's patent issued in 1992. It has seven claims. Each requires (1) that the “completed default product identification code” and “product specifications” displayed be separate and distinct entities; and (2) that the computer receive from the user changes to the product specifications, not to the completed default product identification code.

OPINION

A. Literal Infringement by Fan Pricer

Defendant contends that its Fan Pricer program cannot infringe the patent because Fan Pricer does not generate or display a completed default product identification code that is separate and distinct from product specifications and, because it does not display separate product specifications, it cannot receive from the user changes to the product specifications. Plaintiff disputes the contention; it views the accessory menus in the Fan Pricer program as the equivalent of product specifications and the user's choice of those specifications as being changes to the product specifications.

Plaintiff's view of product specification is not supported by the language of the claims, which require that the product specifications *define the product identified by the product identification code*. Step (a) of claim 1 requires "a plurality of display locations for product specifications which are encoded by the product identification code." Step (c) of the same claim describes

displaying on the display means a completed default product identification code including the received characters and *also displaying the product specifications, including physical description, for the completed product identification code*

(Emphasis added.) Step (d) describes

receiving from the user changes to the product specifications displayed for the completed default product identification code

Figure 5 of the '354 patent shows a screen displaying a product identification code across the top and a listing below of the product specifications that define the particular product identified by the code.

According to the patent, plaintiff's invention shows product specifications for the default product that are displayed on the screen when the user types in the alphanumeric code of the base product. As the user makes changes to the options or features of the default product specifications, the software makes the corresponding changes in the product identification code. For example, if the user changes the motor from an open drip proof to some other kind in the product specifications, the software will change the product identification code shown on the

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          QUOTATION SYSTEM
    REPRESENTATIVE NUMBER  --M99                DATE : 11/02/87
  _____
PRODUCT ID: VUBB12L4111N20C1      UPBLAST CENTRIFUGAL ROOF VENT

DESIGN      B SERIES                MOTOR      1 OPEN DRIP PROOF
SIZE        12                     LISTING    N NON-LISTED
H.P.        L 1/4 HP                FINISH     20 MILL FINISH
RANGE       4                       WHEEL      STD
ELECT*CL    11 115V-SINGLE           SCREEN     NO SCREEN
                                                CAP        C STD CURB CAP
                                                OPTIONS    1 DISCONNECT

  _____
F1--EXIT W/O SAVING THIS PID      USE ... HOME or END to MOVE CURSOR
F2--SAVE THIS PID                 USE SPACEBAR TO DISPLAY OPTIONS
  
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FIG 5

screen. Throughout the process, the product specifications are displayed, allowing the user to

check the details of the product he is ordering and make sure that it is what he wants. See '354 patent, claim 1, step (c) and col. 7, lns. 22-34. As the inventors told the patent examiner, “the system fills in a default product identification [code] and *at the same time*, displays the physical parameters or description of the product which is intended by the code. . . .” Plt.'s Br. in Oppos., Exh. 10 to

Fan Pricer screens show a product identification code but, in contrast to the '354 patent, none of its screens display the product specifications for the completed default product identification code. Rather, various Fan Pricer screens display a variety of options for particular accessories or features. Persons using Fan Pricer must flip through a number of screens to choose the various options and features from Accessory Menus, on which users make changes to the base model they are ordering by adding or deleting accessories from the menu presented. For example, if users want an explosion proof conduit, they choose the Electrical Menu on a screen listing accessory groups, and then select item 12 (explosion proof conduit). This selection causes a change in the product identification code to reflect the new choice.

Although Fan Pricer's screens display product descriptions, the descriptions are not product specifications as that term has been construed. See Opin. and Order entered July 27, 2000, dkt. #51, at 10 (construing “product specifications” as “the information defining the particular product requested by the customer”). The descriptions are displayed as an array of

choices, rather than serving as a definition of the particular product.

Such “menus” of product specifications do not fit the claim language because they do not define the particular product that is represented by the product identification code. Instead, they set out a listing of the various options and accessories that are available for fans of the type indicated by the user. Plaintiff argues that the screens satisfy the requirement of “product specifications separate and distinct from the product identification code.” Although it is true that the product specifications are in a different place, it is not true that the listing of options and features defines the particular product represented by the product identification code. Therefore, they do not constitute “product specifications” under the '354 patent.

I am persuaded that as a matter of law, plaintiff cannot prevail on its claim of literal

infringement because it cannot show that Fan Pricer displays product specifications that define the particular product separate and distinct from the product identification code. In addition, because the accessory and equipment screen listings of options and features do not meet the definition of product specification contained in the patent, defendant is correct when it argues that Fan Pricer does not receive changes to the product specifications from the user.

B. Infringement under the Doctrine of Equivalents

To prevent infringers from stealing the essence of a patent, the law allows a patent holder to sue the producer of a device that “performs substantially the same function in substantially the same way to obtain the same result.” Graver Manufacturing Co. v. Linde Co., 339 U.S. 605, 608 (1950) (quoting Sanitary Refrigerator Co. v. Winters, 280 U.S. 30, 42 (1929)). I conclude that no reasonable finder of fact could conclude that plaintiff has shown that Fan Pricer performs the same function, in the same way, to achieve the same result as the '354 patent. Fan Pricer does not perform the function of allowing the user to view the product specifications separately to insure the accuracy of the bid. Instead, it sends users through screens displaying options for customizing products. At no point does it display the full product specification for the product being specified. Without this, the user does not have the same assurance that the bid includes all of the desired options and features.

Plaintiff argues that Fan Pricer performs the same function, in the same way, to achieve the result as the invention claimed in the '354 patent because it allows the user to start with a product model that has a default product identification code, incorporating default product specifications and accessories, and allows the user to swap accessories with any of the accessories available for the particular model. Plaintiff does not address the fact that Fan Pricer does not perform the function of allowing a user to see the product specifications separately from the product identification code.

I conclude that plaintiff cannot show that Fan Pricer infringes the '354 patent by the doctrine of equivalents.

C. Invalidity

Defendant contends that its Fansizer program anticipated plaintiff's '354 patent, making the patent invalid. Genuine issues of material fact exist with respect to this question. The parties dispute whether Fansizer operated as an electronic catalogue, whether information generated by the program could identify a particular product desired by a user, whether Fansizer allowed the user to change product specifications, as opposed to starting a new search, and whether Fansizer had a computerized lookup feature wherein the user entered basic information about the desired ventilation product and the software selected one or more

suitable fans, displaying the information entered originally by the user along with product model number and specifications for the fan.

Given these disputes, it would be necessary to try the question of invalidity before a jury in order to resolve it. In light of the facts that defendant has shown that plaintiff cannot prove infringement, that defendant never raised invalidity as a counterclaim and that the question has not been litigated at trial so that judicial economy would counsel in favor in deciding it, see *Multiform Desiccants, Inc.*, 133 F.3d at 1481, it is unnecessary to reach the question.

ORDER

IT IS ORDERED that defendant Penn Ventilation, Inc.'s motion for summary judgment is GRANTED. The clerk of court is directed to enter judgment in favor of defendant and to close this case.

Entered this 29th day of September, 2000.

BY THE COURT:

BARBARA B. CRABB
District Judge