

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

FRANKLIN ELECTRIC CO., INC.,

Plaintiff,

v.

DOVER CORPORATION,
d/b/a OPW FUELING COMPONENTS

Defendant.

MEMORANDUM AND ORDER
05-C-598-S

Plaintiff Franklin Electric Co., Inc. commenced this patent infringement action alleging that defendant Dover Corporation manufactures and sells fuel tank components which infringe its United States Patents Nos. 5,085,257 ('257 patent) and 6,840,549 B1 ('549 patent). Jurisdiction is based on 28 U.S.C. § 1338. On May 4, 2006, the Court granted summary judgment of non-infringement as to both patents. Defendant now moves pursuant to 35 U.S.C. § 285 for a declaration that plaintiff's claims of infringement of the '549 patent were exceptional within the meaning of the statute, entitling defendant to recover its related attorney fees.

Pursuant to § 285 "[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party." Whether a case is exceptional is a factual question defendants must prove by clear and convincing evidence. See Interspiro USA, Inc. V. Figgie Intern. Inc., 18 F.3d 927, 933 (Fed. Cir. 1994). Among the grounds

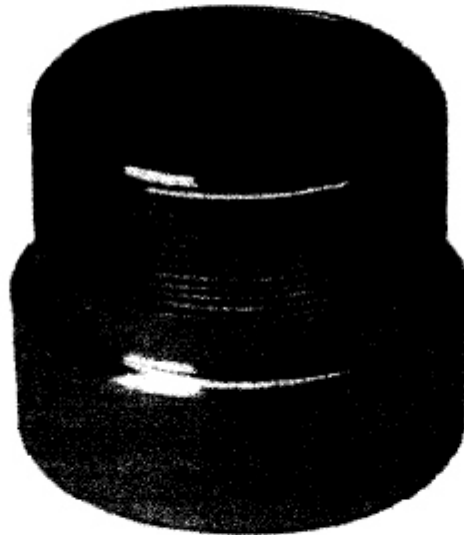
for finding a case exceptional are litigation misconduct and vexatious, unjustified or otherwise bad faith litigation. Epcon Gas Systems, Inc. v. Bauer Compressors, Inc., 279 F.3d 1022, 1034 (Fed. Cir. 2002). Defendant contends that the claim for infringement of the '549 patent was unjustified from the time it was filed. Plaintiff maintains that the action was commenced and prosecuted in good faith and that the filing and continued pursuit was justified. Considering all of the circumstances surrounding the '549 infringement claim, the Court now concludes that the claim was an unjustified waste of time and fees which warrants an exceptional case determination.

Plaintiff's counsel commenced the '549 infringement action without viewing the accused device. Rather, counsel relied on his review of the following advertisement for defendant's product:

IMPORTANT: OPW products should be used in compliance with applicable federal, state, provincial, and local laws and regulations. Product selection should be based on physical specifications and limitations and compatibility with the environment and materials to be handled. OPW MAKES NO WARRANTY OF FITNESS FOR A PARTICULAR USE. All illustrations and specifications in this literature are based on the latest product information available at the time of publication. OPW reserves the right to make changes at any time in prices, materials, specifications and models and to discontinue models without notice or obligation.



OPW Threaded Riser Adaptor (Face Seal Adaptor) (FSA-400)



An OPW FSA-400 Threaded Riser Face Seal Adaptor is required to provide a flat, true sealing surface on threaded pipes where a gasket seal exists per EVR requirements. The FSA-400 is installed on the fill pipe riser below the spill container to provide a true sealing surface for the drop tube flange on the 61SO-400C-EVR overfill prevention valves. The FSA-400 is also required on tank gauging risers and optional on vapor risers and rotatable adaptors.

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Features

The FSA-400 Threaded Riser Face Seal Adaptor is installed on the fill pipe below the spill container to provide a true sealing surface for the drop tube flange on the 61SO-EVR overfill prevention valve. The 61SO-EVR series valve is installed in the base of the OPW EVR spill container with the patent pending 61JSK Jack Screw device. This configuration allows liquid in the spill container to be drained directly into the drop tube thereby isolating the drain valve from the tank ullage, eliminating a notorious leak point in previous systems.

Philip Smith, the inventor of the '549 patent had viewed defendant's product and described it to counsel. Based on Smith's description, and counsel's review of the patent, counsel believed that there was literal infringement and infringement under the doctrine of equivalents. It is clear, however that examination of defendant's product by someone who also had an understanding of the claims language would have revealed that it does not literally infringe the '549 patent, a fact demonstrated by plaintiff's voluntary abandonment of its literal infringement claim.

The complaint was filed in October 2005. Observation of the accused adaptor's tapered external threads conclusively established that the device did not literally infringe. Yet defendant did not abandon its claim of literal infringement until after defendant moved for summary judgment in March 2006. Accordingly, even if the questionable procedure of relying exclusively on the inventor's description of the device before filing is disregarded, it surely should not have taken five months and a costly summary judgment motion to realize that the literal infringement claim was not viable. Familiarity with the patent and observation of defendant's adapter's tapered external threads removed any possibility of literal infringement.

Plaintiff defends its continued pursuit of the '549 infringement claims on its equivalents and "offer to sell" positions. However, neither of these positions had serious merit.

The Court discussed the absence of merit of the equivalents argument in its memorandum and order on summary judgment at pages 13-15 and incorporates that analysis by reference. Among other elements, the accused device lacks external straight pipe threads on the adaptor and internal straight pipe threads on the structure to which it attaches. The result is a device which requires three separate seals rather than the two seals of the '549 patent. Furthermore the second and third seals of the accused device are formed in an entirely different way than in the patent claims.

In defense of its position plaintiff argues that success in equivalents cases is inherently unpredictable and that it was reasonable to ask the court to "look beyond the complexity of the OPW design - and focus on the seal between the smooth bearing surface of the adaptor and the multi-piece structure." In essence, plaintiff suggests that the doctrine of equivalents argument was justified because defendant's device accomplished the same objective - using an adapter to establish a liquid tight seal between the riser pipe and the structure above it - as the patented device. The argument has superficial appeal because the adapter itself looks similar under casual observation and does effectively create a seal between the components. But it is the kind of argument that the Federal Circuit emphatically rejected in Warner-Jenkinson Co. v. Hilton Davis Chemical Co., 520 U.S. 17, 28-29 (1997).

Warner-Jenkinson addressed the concern that the doctrine of equivalents had "taken on a life of its own, unbounded by the patent claims." That is, it sought to remedy the unpredictability in application of the doctrine of equivalents which plaintiff now relies on to justify its position.

Each element contained in a patent claim is deemed material to defining the scope of the patented invention, and thus the doctrine of equivalents must be applied to individual elements of the claim, not to the invention as a whole. It is important to ensure that the application of the doctrine, even as to an individual element, is not allowed such broad play as to effectively eliminate that element in its entirety.

Id. at 29. By asking the Court to "focus on the seal" plaintiff has disregarded the Supreme Court's directive to focus on individual elements. The question is not whether the device forms a similar seal, but whether all elements are present.

Claim 1 of the '549 patent includes the following elements:

a structure disposed above said riser, ...said structure further having internal straight pipe threads, extending upwardly from said lower, open structure end and terminating at an inwardly projecting shoulder of said structure.

An annular seal in fluid-tight engagement with said inwardly projecting shoulder above the internal straight pipe threads of said structure; and

a threaded riser adaptor of integral construction having an upper externally threaded riser adaptor portion including external straight pipe threads in threaded engagement with the internal straight pipe threads of said structure and forming a first liquid-tight seal therewith,....

Each of these elements are literally absent from the accused device and no reasonable argument is made that there is an equivalent element for any of them. Contrary to the Warner-Jenkinson directive, plaintiff made no effort to explain how an equivalent of these elements is present. It was not reasonable to "focus on the seal." The point of equivalence analysis is to focus on the elements that are literally absent, not those that are present.

Plaintiff's reliance on Gillette Co. v. Energizer Holdings Inc., 405 F.3d 1367 (Fed. cir. 2005) is entirely unpersuasive. Gillette involved a matter of interpretation of an open ended claim element for a razor comprising three blades. Because the claim element - "A safety razor blade unit comprising ... a group of first, second and third blades..." - was open ended, it did not preclude the presence of a fourth blade in the accused device. Each element of the claim was present in the accused device. In contrast, defendant's accused device lacks each of the elements set forth above. It is not the added complexity of defendant's device that precludes infringement, but the obvious absence of several claim elements.

Finally, plaintiff did not advance a justifiable position that defendant infringed because it had "offered to sell" an infringing device, even though it had not manufactured or sold one. Plaintiff is correct that the law concerning a claim based on the "offer to sell" is evolving and not entirely clear and that an infringement

may exist even if no physical embodiment of the offered product exists. See Timothy R. Holbrook, Liability for the "Threat of Sale": Assessing Patent Infringement for Offering to Sell an Invention and Implications for the On-Sale Patentability Bar and Other Forms of Infringement, 45 Santa Clara L. Rev. 751 (2003). Accordingly, even if a seller's product does not infringe, it might be liable for infringement if it "baited" purchasers by offering to sell an infringing product and then "switched" to sell a non-infringing one. See Beloit Corp. v. Valmet Corp., 44 U.S.P.Q.2d 1792, 1795-96 (W.D. Wis. 1997) (considering the argument and rejecting it on other factual grounds). In any case, however, the offer to sell must be sufficient to prove that the offered product includes all elements of the allegedly infringed patent claim. Rotec Industries, Inc. v. Mitsubishi Corp., 215 F.3d 1246, 1252 (Fed Cir. 2000); Holbrook at 22.

There is no reasonable argument that the advertisement upon which defendant relies offers a device which includes all elements of the claim. The advertisement does not clearly disclose whether the adapter threads are straight or tapered, does not disclose the internal threads at all, and does not depict or describe either the riser pipe or the structure above the adaptor all of which would be essential to show the elements of the claims. Furthermore the advertisement itself describes the adapter as providing for a sealing surface "for the drop tube flange," making it clear that

the offered product did not create a seal between the "inwardly projecting shoulder" of the structure as required by the claim elements. The advertisement also references use with the "jack screw device" which would suggest the accused product operated differently from the patented device. The fact that someone in the industry viewing the advertisement might suspect infringement does not make it an offer to sell which includes all elements of the claim.

In fact, there is no evidence to suggest that defendant ever offered to sell any product other than the commercial products which it referenced in the ad, which were readily available for examination and are obviously non-infringing. At most defendant's advertisements could have provided cause to investigate whether the products infringed. Standing by themselves, they clearly are not an offer to sell a product which includes all of the elements of any claim of the '459 patent.

The case is exceptional because a reasonable investigation would have revealed that there was no infringement either literal, by equivalence, or because of an offer to sell an infringing device. Even assuming there was some basis to file the action initially, there was no basis to continue to pursue it through the discovery and summary judgment process. Accordingly, defendant is entitled to a finding that the case is exceptional within the meaning of § 285 to that extent.

The remaining question is whether and in what amount attorney fees are to be awarded. Defendant requests an amount of \$300,973.98 comprised of three elements: (1) fifty percent of all attorney fees not expressly identified as relating to the '257 patent (\$219,229.75); (2) fifty percent of expert fees (\$72,868.49); (3) disbursements not recoverable as costs under 28 U.S.C. § 1920 (\$8,875.74).

Elements (2) and (3) are not recoverable under 35 U.S.C. § 285 because it authorizes only the award of attorney fees:

Thus, in the wake of West Virginia University [Hospitals, Inc. v. Casey, 499 U.S. 83 (1991)], a court of the United States cannot rely solely on § 285 to award expert witness fees. As West Virginia University clarifies, an award under section 285 encompasses only attorney fees, expert witness fees fall under 28 U.S.C. § 1920, subject to the 28 U.S.C. § 1821(b) limitation.

Amstead Industries Inc. v. Buckeye Steel Castings Co., 23 F.3d 374, 377 (Fed. Cir. 1994). Accordingly, neither expert fees nor additional costs are recoverable. Defendant belatedly argues that these additional amounts could be awarded under the Court's inherent power. However, defendant's motion was clearly limited to recovery under § 285 and has not made a showing that fraud has been practiced upon the court or that there is bad faith whereby the "very temple of justice has been defiled" as required for the award of such expenses under inherent powers. Id. at 378.

Concerning the recovery of attorney fees, plaintiff does not argue that the rates, hours or overall total fees are unreasonable.

It contends, however, that if the claims were indeed meritless they should not have required such significant expenditure. Defendant's allocation of fifty percent of unidentified fees to the '459 patent appears both arbitrary and too high. The claims of infringement of the '257 patent were legally and factually more complex than the '459 claims. It is therefore appropriate to allocate more time to those claims than to the relatively less complex and non-viable '459 claims. The Court now concludes that an allocation of thirty percent of the fees is reasonable. Accordingly, fees are awarded to defendant in the amount of \$131,538.

ORDER

IT IS ORDERED that defendant's motion for a determination that the case is exceptional within the meaning of 35 U.S.C. § 285 is GRANTED.

IT IS FURTHER ORDERED that attorney's fees in the amount of \$131,538 are awarded to defendant from plaintiff and that judgment be amended accordingly.

Entered this 11th day of July, 2006.

BY THE COURT:
S/

JOHN C. SHABAZ
District Judge