

## **B. Braun Med., Inc. v. Abbott Labs.**

United States Court of Appeals for the Federal Circuit

September 8, 1997, Decided

96-1508, 96-1525

### Reporter

124 F.3d 1419; 1997 U.S. App. LEXIS 23563; 43 U.S.P.Q.2D (BNA) 1896

B. BRAUN MEDICAL INC., Plaintiff-Appellant, v. ABBOTT LABORATORIES and NP MEDICAL, INC., Defendants-Cross/Appellants.

**Prior History:** **[\*\*1]** Appealed from: U.S. District Court for the Eastern District of Pennsylvania. Judge Huyett, 3rd.

**Disposition:** AFFIRMED-IN-PART, REVERSED-IN-PART, VACATED-IN-PART and REMANDED.

### Core Terms

patent, infringement, district court, valve, patent misuse, damages, declaratory judgment, traverse, equitable, patentee, restrain, issues, attorney's fees, valve seat, specification, triangular, recited, sideways, firmly, restrictions, flexible, equitable issues, crossbar, unenforceable, present case, corresponding, counterclaim, conditions, license, jury's

### Case Summary

#### Procedural Posture

Plaintiff appealed a judgment of the United States District Court for the Eastern District of Pennsylvania which found that plaintiff had misused a patent, that plaintiff was equitably estopped from asserting the patent, and that accused devices did not infringe the asserted claims of the patent. Defendant filed a cross-appeal for attorney fees and damages.

#### Overview

Plaintiff complained that defendant had infringed plaintiff's patent. The lower court found plaintiff misused the patent and was equitably estopped from asserting it. Moreover, defendant's devices did not infringe the

patent's asserted claims. Plaintiff appealed, and the defendant cross-appealed for damages and attorney fees. The court affirmed the judgment of no infringement, because the judgment was supported by substantial evidence. The court found that the judgment of patent misuse and equitable estoppel was not supported by the evidence, and it remanded to determine whether plaintiff's use restrictions exceeded the scope of the patent grant. The court determined that the lower court erred where it instructed jury to find plaintiff guilty of patent misuse if plaintiff placed any use restrictions on its sales of product. The lower court did not abuse its discretion in denying defendant's motion for a new trial or in denying defendant attorney fees.

#### Outcome

The court affirmed in part because substantial evidence supported the judgment of no infringement; it reversed in part, vacated in part, and remanded because the lower court erred in its treatment of equitable estoppel and patent misuse.

### LexisNexis® Headnotes

Civil Procedure > Trials > Jury Trials > Right to Jury Trial

**HN1** See Fed. R. Civ. P. 39(b).

Patent Law > Infringement Actions > Doctrine of Equivalents > General Overview

Patent Law > Infringement Actions > Doctrine of Equivalents > Fact & Law Issues

Patent Law > Jurisdiction & Review > Standards of Review > General Overview

**HN2** Infringement (whether literal or under the doctrine of equivalents) is a question of fact, which the appellate court reviews for substantial evidence in the context of a jury trial.

Patent Law > ... > Claims > Claim Language > General Overview

Patent Law > Infringement Actions > Claim Interpretation > Means Plus Function Clauses

**HN3** [35 U.S.C.S. § 112](#) mandates that a "means plus function" claim limitation be construed to cover the corresponding structure described in the specification and equivalents thereof.

Patent Law > ... > Claims > Claim Language > General Overview

Patent Law > ... > Specifications > Description Requirement > General Overview

Patent Law > Infringement Actions > Claim Interpretation > Means Plus Function Clauses

**HN4** Structure disclosed in the specification is "corresponding" structure only if the specification or prosecution history clearly links or associates that structure to the function recited in the claim. This duty to link or associate structure to function is the quid pro quo for the convenience of employing [35 U.S.C.S. § 112](#).

Patent Law > ... > Claims > Claim Language > General Overview

Patent Law > ... > Specifications > Description Requirement > General Overview

**HN5** If one employs means-plus-function language in a claim, one must set forth in the specification an adequate disclosure showing what is meant by that language. If an applicant fails to set forth an adequate disclosure, the applicant has in effect failed to particularly point out and distinctly claim the invention as required by the second paragraph of [35 U.S.C.S. § 112](#).

Patent Law > Infringement Actions > General Overview

Patent Law > Infringement Actions > Burdens of Proof

Patent Law > ... > Defenses > Estoppel & Laches > General Overview

Patent Law > ... > Defenses > Estoppel & Laches > Elements

**HN6** Equitable estoppel, which bars a patentee from receiving relief, consists of three elements: (i) the patentee must communicate to the accused infringer (by words, conduct or silence) that the patentee will not pursue an infringement claim; (ii) the accused infringer must rely on that communication; and (iii) the accused infringer must establish that it would be materially

prejudiced if the patentee is now permitted to proceed with the infringement claim.

Antitrust & Trade Law > Regulated Practices > Intellectual Property > General Overview

Antitrust & Trade Law > ... > Intellectual Property > Misuse of Rights > General Overview

Antitrust & Trade Law > ... > Intellectual Property > Misuse of Rights > Patent Misuse Defense

Antitrust & Trade Law > ... > Intellectual Property > Ownership & Transfer of Rights > Assignments

Contracts Law > Contract Conditions & Provisions > General Overview

Contracts Law > Types of Commercial Transactions > Sales of Goods > General Overview

Contracts Law > ... > Sales of Goods > Performance > General Overview

Contracts Law > ... > Sales of Goods > Performance > Rights of Buyers

Business & Corporate Compliance > ... > Defenses > Inequitable Conduct > Anticompetitive Conduct

Patent Law > Ownership > Conveyances > General Overview

Business & Corporate Compliance > ... > Ownership > Conveyances > Licenses

**HN7** An unconditional sale of a patented device exhausts the patentee's right to control the purchaser's use of the device thereafter. This exhaustion doctrine, however, does not apply to an expressly conditional sale or license. In such a transaction, it is more reasonable to infer that the parties negotiated a price that reflects only the value of the "use" rights conferred by the patentee. Such express conditions, however, are contractual in nature and are subject to antitrust, patent, contract, and any other applicable law, as well as equitable considerations such as patent misuse. Accordingly, conditions that violate some law or equitable consideration are unenforceable. On the other hand, violation of valid conditions entitles the patentee to a remedy for either patent infringement or breach of contract.

Antitrust & Trade Law > Regulated Practices > Intellectual Property > General Overview

Antitrust & Trade Law > ... > Intellectual Property > Misuse of Rights > General Overview

Antitrust & Trade Law > ... > Intellectual Property > Misuse of Rights > Patent Misuse Defense

Civil Procedure > ... > Defenses, Demurrers & Objections > Affirmative Defenses > Unclean Hands

Business & Corporate Compliance > ... > Defenses > Inequitable Conduct > Anticompetitive Conduct

Business & Corporate Compliance > ... > Infringement Actions > Defenses > Misuse

**HN8** The patent misuse doctrine, born from the equitable doctrine of unclean hands, is a method of limiting abuse of patent rights separate from the antitrust laws. The key inquiry under this fact-intensive doctrine is whether, by imposing the condition, the patentee has impermissibly broadened the physical or temporal scope of the patent grant with anticompetitive effect.

Civil Procedure > ... > Justiciability > Case & Controversy Requirements > Actual Controversy

Civil Procedure > Judgments > Declaratory Judgments > General Overview

Civil Procedure > ... > Declaratory Judgments > Federal Declaratory Judgments > General Overview

**HN9** The Declaratory Judgment Act, [28 U.S.C.S. § 2202](#), neither expands a court's jurisdiction nor creates new substantive rights. Instead, the Act is a procedural device that provides a new, noncoercive remedy (a declaratory judgment) in cases involving an actual controversy that has not reached the stage at which either party may seek a coercive remedy (such as an injunction or damages award) and in cases in which a party who could sue for coercive relief has not yet done so.

Civil Procedure > Judgments > Declaratory Judgments > General Overview

**HN10** Once a court properly has jurisdiction to enter a declaratory judgment, it may also grant further necessary or proper relief based on a declaratory judgment after reasonable notice and hearing.

Civil Procedure > Judgments > Declaratory Judgments > General Overview

Civil Procedure > ... > Declaratory Judgments > Federal Declaratory Judgments > General Overview

Civil Procedure > ... > Declaratory Judgments > Federal Declaratory Judgments > Discretionary Jurisdiction

Patent Law > Remedies > General Overview

**HN11** [28 U.S.C.S. § 2202](#) requires a hearing at which the declaratory judgment plaintiff must state its substantive claim for further relief.

Civil Procedure > ... > Attorney Fees & Expenses > Basis of Recovery > Statutory Awards

Patent Law > ... > Damages > Collateral Assessments > Attorney Fees

**HN12** [35 U.S.C.S. § 285](#) provides that the court in exceptional cases may award reasonable attorney fees to the prevailing party. This statutory provision requires the moving party to demonstrate, by clear and convincing evidence, that the case is exceptional; even then, the district court retains discretion as to whether or not to award attorney fees.

**Counsel:** William G. Todd, Hopgood, Calimafde, Kalil & Judlowe, L.L.P, of New York, New York, argued for plaintiff-appellant. With him on the brief were Porter F. Fleming and Richard E. Parke. Of counsel was Albert G. Bixler, Connolly Epstein Chicco Foxman Engelmyer & Ewing, of Philadelphia, Pennsylvania.

Lee Carl Bromberg, Bromberg & Sunstein LLP, of Boston, Massachusetts, argued for defendants/cross-appellants. With him on the brief were Robert L. Kann, Timothy M. Murphy and Kerry L. Timbers. Of counsel was Judith R. S. Stern.

**Judges:** Before MICHEL, PLAGER, and CLEVINGER, Circuit Judges.

**Opinion by:** CLEVINGER

## Opinion

[\*\*\*1897] [\*1421] CLEVINGER, *Circuit Judge*.

B. Braun Medical, Inc. (Braun) appeals from the district court's judgment, following a jury trial, that Braun misused its patent, was equitably estopped from asserting its patent, and that, in any event, the accused devices did not infringe the asserted claims of Braun's patent. Abbott Laboratories (Abbott) cross-appeals, seeking attorney fees and damages for Braun's patent misuse. **[\*\*2]** We conclude that the district court erred with respect to its treatment of equitable estoppel and patent misuse. Accordingly, we affirm-in-part, reverse-in-part, vacate-in-part, and remand for further proceedings.

I

The patent in suit, U.S. Patent No. 4,683,916 (the '916 patent), is generally directed to a reflux valve that

attaches to an intravenous (IV) line and permits injection or aspiration of fluids by means of a needleless syringe. This type of valve provides safety benefits to health care professionals by reducing the risk of needlestick injuries, which might transmit blood-borne pathogens. Since 1987, Braun has sold an embodiment of the patented reflux valve under the commercial name SafSite (R) . The '916 patent contains drawings, reproduced below, that correspond to the SafSite (R) valve:

[SEE ILLUSTRATION IN ORIGINAL]

[\*1422] As these drawings show, the valve is formed of a resilient disc 50 sandwiched between two body elements 11 and 25 that fit together. Body element 25 includes a triangular member 40, which supports the center [\*1898] of the resilient disc 50. Body element 11 includes member 60, which, when engaged by a syringe, presses down on the resilient disc 50 to open the normally closed valve.

Beginning [\*3] in early 1991, Braun and Abbott representatives discussed the purchase by Abbott of the patented SafSite (R) valves. Braun informed Abbott that although it was willing to sell SafSite (R) valves to Abbott for use on Abbott's primary line and piggyback sets, it would not sell those valves for use on an extension set. <sup>1</sup> In a letter dated October 23, 1991, Randy Prozeller, Abbott's General Manager of Fluid Systems, agreed that his company would abide by these restrictions: "We will honor your company's demand that we not use the valve in question for list numbers other than our primary and primary piggyback sets." Pursuant to this arrangement, Abbott purchased approximately 536,000 SafSite (R) valves.

[\*4] Meanwhile, negotiations continued between Abbott and Braun for purchase of the SafSite (R) valves for use with Abbott's extension sets. Because the parties could not reach agreement on these terms, Abbott requested that NP Medical, Inc. (NP Medical) develop a substitute valve. After extensive development, NP Medical developed the accused product: the NP Medical Luer Activated Valve (LAV). The novel aspects of this new valve were claimed in U.S. Patent No. 5,190,067 to Paradis and Kotsifas.

On July 20, 1993, Braun sued Abbott and NP Medical, alleging that the NP Medical LAV infringed claims 1 and 2 of the '916 patent. The primary claim at issue in the present case recites (numbering added): <sup>2</sup>

1. A valve device comprising:

[1] a first body element having an input opening therethrough;

[2] a second body element which complements said first body element and having an outlet opening therefrom;

[3] a resilient valve disc mountable between said first and second body elements;

[4] first means with one body element for supporting the disc at the center thereof;

[5] means with the other body element for holding said disc firmly against said first means [\*5] in such a manner that said disc is restrained from sideways movement; and

[6] means adjacent said valve disc for engagement by a syringe to open said normally closed disc to permit injection and aspiration of fluids through the device.

The defendants denied infringement, challenged validity and asserted the equitable defenses of patent misuse, estoppel and implied license. Over Braun's objections, the district court submitted all issues, including interpretation of the claims in suit, to the jury. In November 1994, the jury determined that the '916 patent was not invalid and not infringed by the accused NP Medical LAV. The jury found no infringement because it construed the fifth element of the claims as requiring a traverse cross bar, or its equivalent, which it found lacking in the accused [\*6] products. The jury also determined that Braun was estopped from charging the defendants with infringement, and that Braun had misused the '916 patent. Finally, the jury rejected the defendants' implied license defense.

On the basis of the patent misuse finding, Abbott sought damages pursuant to its declaratory judgment

<sup>1</sup> The primary line and piggyback sets allow a needleless syringe to be attached directly to an IV. An extension set incorporating the SafSite (R) valve consists of a tube with a SafSite (R) valve on one end, and one or more connectors on the other end. These extension sets permit the delivery of additional fluids and drugs.

<sup>2</sup> Dependent claim 2 relates to, and limits, the subject matter of independent claim 1. Because the claim construction issue is identical for both claims, we will limit our discussion to claim 1 (as do the parties).



counterclaim. Following an additional eight-day trial on this issue, the jury decided that Braun's alleged patent misuse had not caused any damages to Abbott. After the district court entered judgment on all issues, Abbott filed a motion for attorney fees, contending that the case was exceptional. The district court denied this motion and explained that Braun had presented "sufficient [\*1423] evidence and legal support to more than negate the possibility of bad faith or gross negligence on its part in bringing the infringement claim." Both parties appeal those portions of the district court's judgment that are adverse to them.

## II

Before reaching the merits, we first address Braun's contentions that the district court erred by submitting all issues to the jury. Braun preserved this issue by objecting both during trial and in its post verdict motion for judgment as a matter of law. Upon submitting all issues to the jury over Braun's objections, the court indicated that if it were later determined that those issues were "for the court only, I will advise [sic, accept] the jury verdict as advisory."

As to claim interpretation, we note that this case was submitted to the jury in 1994, [\*\*\*1899] before this court's opinion in [Markman v. Westview Instruments, Inc.](#), 52 F.3d 967, 979, 34 U.S.P.Q.2D (BNA) 1321, 1329 (Fed. Cir. 1995) (in banc), *aff'd*, 517 U.S. 370, 134 L. Ed. 2d 577, 116 S. Ct. 1384, 38 U.S.P.Q.2D (BNA) 1461 (1996), which held that claim interpretation is a question of law. Because we agree with the jury's interpretation in this case, any error that the district court may have committed is harmless.

As to the issues of equitable estoppel and patent misuse, the district court submitted the issues to the jury based not on its authority to seek an advisory verdict under Fed. R. Civ. P. 39(c), but rather based on the authority provided by Fed. R. Civ. P. 39(b), which states:

**HN1 (b) By the Court.** Issues not demanded for trial by jury as provided in Rule 38 shall be tried by the court; but, notwithstanding the failure of a party to demand a jury in an action in which such a demand might have [\*\*8] been made of right, the court in its discretion upon motion may order a trial by a jury of any or all issues.

To our knowledge, only a few courts have considered whether equitable issues may be tried to a jury over

objection, pursuant to the authority provided in Rule 39(b). These courts have concluded that the discretionary authority provided by the rule does not authorize jury trial of equitable issues. See, e.g., [New Hampshire Fire Ins. Co. v. Perkins](#), 28 F.R.D. 588, 592 (D. Del. 1961); [Coates v. Union Oil Co.](#), 176 F. Supp. 713, 715 (D. Colo. 1959); see also 9 Charles Alan Wright, Arthur R. Miller, and Mary Kay Kane, *Federal Practice and Procedure* § 2334 (2d ed. 1983). On the other hand, with regard to at least certain equitable issues, our sister circuits are divided on whether such equitable issues may be tried to a jury based on authority separate from that of Rule 39(b). Compare [Newhouse v. McCormick & Co.](#), 110 F.3d 635, 641-43 (8th Cir. 1997) (following rule of Second, Fourth, Seventh and Tenth Circuits barring jury trial of the equitable issue of front pay) with [Cassino v. Reichhold Chem., Inc.](#), 817 F.2d 1338, 1347 (9th Cir. 1987) (following [\*\*9] rule in Third, Fifth, Sixth and Ninth Circuits allowing jury to determine amount of front pay).

The intricacies of Rule 39, and the question of whether a court may ever submit an equitable issue to the jury over objection, are not the focus of the briefing or argument in this case. We need not decide whether the submission of the equitable issues to the jury itself is reversible error, because, for the reasons set forth below, our rulings on both issues relieve Braun of any harmful consequences occasioned by the submission of those issues to the jury.

## III

The first issue on appeal concerns the jury's verdict that the accused products do not infringe the '916 patent. The jury determined that "claim one claims only the traverse bar and equivalents thereof." Because the NP Medical LAV lacked a traverse bar or an equivalent thereof, the jury returned a verdict of no infringement either literally or under the doctrine of equivalents. On appeal, the focal point of Braun's argument is that the jury misinterpreted claim 1, and therefore that its verdict of no infringement must be overturned.

**HN2** Infringement (whether literal or under the doctrine of equivalents) is a question of fact, [\*\*10] which we review for substantial evidence in the context of a jury trial. [Young Dental Mfg. Co. v. Q3 Special Prods.](#), 112 F.3d 1137, 1141, 42 U.S.P.Q.2D (BNA) 1589, 1592 [\*1424] (Fed. Cir. 1997). The jury's finding of no infringement stems from its interpretation of the fifth limitation in claim 1, the only limitation in dispute. The

# Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

## Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

## Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

## Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

## API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

## LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

## FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

## E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.