

ALERT

## Federal Circuit Patent Bulletin: *H-W Tech., LC v. Overstock.com. Inc.*

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July 14, 2014

*"[When] a claim issues that omits a material limitation, and such omission is not evident on the face of the patent, the patentee cannot assert that claim until it has been corrected by the PTO."*

On July 11, 2014, in *H-W Tech., LC v. Overstock.com. Inc.*, the U.S. Court of Appeals for the Federal Circuit (Prost,\* O'Malley) affirmed as modified the district court's summary judgment that claims 9 and 17 of U.S. Patent No. 7,525,955, which related to an apparatus and method for performing contextual searches on an Internet Protocol (IP) Phone, were invalid as indefinite. The Federal Circuit stated:

A district court can correct a patent only if, among other things, "the error is evident from the face of the patent." Here, the error is not "evident from the face of the patent." Claim 9 reads coherently without the missing limitation. Nothing in the surrounding claim language indicates that the limitation was missing. Although other claims do contain the missing limitation, the inclusion of that limitation in one claim does not necessitate, or even fairly indicate, that the limitation should be included in all other claims. . . .

The parties appear to agree that the PTO's error is clear on the face of the prosecution history. But this court has already deemed evidence of error in the prosecution history alone insufficient to allow the district court to correct the error. In sum, we hold that the district court did not have authority to correct the error in claim 9 and correctly declined to do so.

H-W also argues that the district court "failed to factor the certificate of correction in [its] determination that claim 9 of the '955 Patent is indefinite and invalid." Certificates of correction are governed by 35 U.S.C. § 254 [and based] on the plain language of the statute, this court has specifically held that "[t]he certificate of correction is only effective for causes of action arising after it was issued." Here, H-W filed this suit before the certificate of correction issued, and neither party has argued that this suit involves causes of action arising

after the certificate of correction issued. Indeed, it appears that H-W never even sought to amend the complaint to reflect the correction of claim 9. Thus, the district court was correct not to consider the certificate of correction when determining whether H-W could assert claim 9.

Having concluded that the district court properly did not correct the patent claims itself or apply the certificate of correction to this lawsuit, the question remains whether H-W should be permitted to assert claim 9 uncorrected. At oral argument, H-W appeared to concede that it should not be permitted to do so. We agree. When, as here, a claim issues that omits a material limitation, and such omission is not evident on the face of the patent, the patentee cannot assert that claim until it has been corrected by the PTO. To hold otherwise would potentially permit patentees to assert claims that they never asked for nor rightly attained. Such a result would be inequitable and undermine the notice function of patents.

We note that this holding is, in some ways, more akin to unenforceability than invalidity—the framework generally used by the parties and the district court here. For example, unlike invalidity, unenforceability of a patent may be cured under certain circumstances. Regardless, the district court was correct to conclude that H-W cannot assert either the original or corrected versions of claim 9 in this lawsuit. The judgment of the district court in favor of Overstock and against H-W is thus correct. Still, in order to clarify that claim 9, as corrected, has not yet been litigated and, thus, has not been held invalid, we strike the portion of the judgment that holds claim 9 invalid.

Finally, H-W appeals the district court’s holding that claim 17 is indefinite and invalid. . . . The district court held that [certain] limitations were method limitations and that apparatus claim 17 thus combines two statutory classes of invention. The rationale behind invalidating such a claim as indefinite is that it is unclear when infringement occurs. At oral argument, H-W essentially conceded that if we affirmed the district court’s disputed constructions, claim 17 would indeed contain method limitations and thus be indefinite. Having affirmed the district court’s construction, H-W’s concession applies. And H-W is correct to concede that point. [I]t is unclear here when infringement would occur. Claim 17 is thus indefinite. Accordingly, we affirm the district court’s holding that claim 17 is invalid.